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# Multiple Stakeholder Market Orientation: A Conceptualization and Application in the Field of Destination Marketing

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To the Graduate Council:

I am submitting herewith a dissertation written by Nathaniel Discepoli Line entitled "Multiple Stakeholder Market Orientation: A Conceptualization and Application in the Field of Destination Marketing." I have examined the final electronic copy of this dissertation for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Doctor of Philosophy, with a major in Retail, Hospitality, and Tourism Management.

Wanda Costen, Rodney C. Runyan, Major Professor

We have read this dissertation and recommend its acceptance:

Steve Morse, Mark Moon, Youcheng Wang

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Vice Provost and Dean of the Graduate School

(Original signatures are on file with official student records.)

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**Multiple Stakeholder Market Orientation:  
A Conceptualization and Application in the Field of Destination Marketing**

A Dissertation Presented for  
the Doctor of Philosophy  
Degree  
The University of Tennessee, Knoxville

Nathaniel Discepoli Line  
May 2013

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## ABSTRACT

The market orientation (MO) paradigm suggests that generating and reacting to information from the product market facilitates the development of sustainable competitive advantage and enhanced organizational performance. However, the proliferation of MO as the dominant empirical approach for the investigation of the marketing concept has not gone unchallenged. Recently, proponents of “the stakeholder marketing movement” have suggested that the customer- and competitor-centric approaches characteristic of the currently accepted MO paradigm marginalize the increasingly important role of salient external stakeholders in the process of value creation. In the spirit of the stakeholder marketing perspective, the present research proposes a more broadly defined conceptualization of MO that acknowledges the role of salient external stakeholders in value creation, a phenomenon referred to herein as multiple stakeholder market orientation (MSMO).

From the theoretical perspective of both stakeholder theory and the resource-based view of the firm, MSMO is positioned as a more appropriate conceptualization of the MO paradigm in terms of Kotler’s (1972a) generic concept of marketing as well as Vargo and Lusch’s (2004) service-dominant logic of marketing. Using these frameworks, a conceptual framework is derived in which MSMO is hypothesized to affect the development of relationally-based marketing assets. In turn, the competitive advantages attributable to these assets are proposed to positively affect organizational performance.

This framework is developed and empirically tested within the context of the destination marketing industry. Because destination marketing organizations (DMOs) have a broad set of market and non-market stakeholders, this industry is an ideal context for the operationalization of MSMO as conceptualized above. In order to test the proposed framework, Churchill’s (1979)

construct development process was used to develop measurements of the multidimensional MSMO, three stakeholder-specific asset categories (customer-based assets, industry-based assets, and politically-based assets), and organizational performance. Upon establishing operational definitions for these constructs, a measurement instrument was developed and disseminated to a sample of 600 destination marketing executives in the U.S. Using structural equation modeling, responses to the survey were used to (1) verify the proposed dimensional structure of MSMO and (2) test the relationships among MSMO and the asset- and performance-based constructs proposed within its nomology.

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## **CHAPTER I: INTRODUCTION**

The contention that firms must identify and satisfy customer needs more effectively than their competitors has long been a hallmark of the general marketing concept (Drucker, 1954). Firms that can address the needs of their customers more effectively than their competitors generate a competitive advantage that, in terms of the resource-based view (RBV) of the firm, is both superior and sustainable (Barney, 1991; Peteraf, 1993; Wernerfelt, 1984). Market orientation is conceptualized as the extent to which a firm capitalizes on this process (Day, 1994; Kohli and Jaworski, 1990; Narver and Slater, 1990). Over the last two decades, the development of a market orientation has been a core concept in marketing strategy (Day, 1994; McGuinness and Morgan, 2005) and has consistently been demonstrated to positively affect organizational performance across a number of industry- and firm-specific conditions (see Liao, Chang, Wu, and Katrichis, 2011 for an in depth review). Additionally, meta-analyses by Cano, Carrillat, and Jaramillo (2004) and Kirca, Jayachandran, and Bearden (2005) support the contention that market orientation is a critical determinant of organizational performance.

### **DESTINATION MARKETING AND MARKET ORIENTATION**

Despite widespread attention to the importance of firm-level market orientation across a number of industry and firm types (Liao et al., 2011), very little research has been conducted concerning its potential application to destination marketing organizations (DMOs). Destination marketing organizations, also called convention and visitor bureaus (CVBs), are “charged with representing a specific destination and helping the long-term development of communities through a travel and tourism strategy” (Destination Marketing Association International, 2012). This definition suggests that DMOs are important for several reasons. Perhaps most importantly,

because a destination's "product" is typically supplied by a number of private, often competing, firms (e.g., lodging, dining, attractions, etc.), DMOs provide an aggregate level of promotion for the destination *in toto* that no single firm would be willing (or able) to accomplish independently. Thus, from a supply perspective, DMOs act as industry coordinators for businesses that rely on tourism and meetings (e.g., conferences, conventions, etc.) as a primary source of revenue (Destination Marketing Association International, 2012; Presenza, Sheehan, and Ritchie, 2005; Wang, 2008). From a demand perspective, DMOs also act as point of contact for individuals and groups interested in visiting a destination (Wang, 2008). In this capacity, the DMO's role in marketing and selling the destination to meeting and event planners is particularly important (Ford and Peeper, 2008, 2009).

Unfortunately, because the market orientation phenomenon has yet to be addressed within the context of destination marketing, effective implementations of market-oriented practices within the DMO have been slow to develop (Pike, 2004). Given the current challenges in the destination marketing industry such as the need for developing appropriate communication strategies (Ford and Peeper, 2007); the increasing need for customer engagement (King, 2002); and the threat of new sources of competition (Gretzel, Fesenmaier, Formica, and O'Leary, 2006), Bieger, Beritelli, and Laesser (2009) suggest that DMOs must "transform themselves into modern, market-oriented service centers" (p. 309) if they are to appropriately react to such challenges.

In order to achieve such a transformation, I propose that it is first necessary to take a closer look at exactly what it means to be market-oriented within the context of destination marketing. Unfortunately, certain operational and conceptual issues inherent to the dominant views of market orientation (MO) render the MO construct, in its current form, incompatible

with the unique structure of the destination marketing industry (Fyall and Garrod, 2005). Because the currently accepted MO paradigm precludes its application to the field of destination marketing, hospitality and tourism scholars have been restricted in their ability to provide DMOs with theory-based and empirically verifiable guidance concerning the potential benefits of adopting a market orientation. Thus, before the principles of market orientation can be applied to destination marketing, MO must be reconceptualized to reflect the unique characteristics of the destination marketing environment.

### **PURPOSE OF THE STUDY**

Although the importance of a market-oriented approach to destination marketing is tacitly acknowledged in the literature (e.g., Fyall and Garrod, 2005; Medlik and Middleton, 1973; Pike, 2004; Ritchie, 1996), the absence of an explicit conceptualization of this phenomenon represents a critical gap in hospitality and tourism research. This gap is attributable to the fact that, although destination marketing is similar in a number of respects to more conventional marketing contexts (i.e., goods and services), certain aspects of the former do not translate to the latter (Buhalis, 2000; Fyall and Garrod, 2005). Among the most important of these differences are the external stakeholder markets (e.g., local politicians, private tourism businesses, etc.) that a DMO must satisfy in order to be successful (Wang and Xiang, 2007).

Depending on the level of influence exerted by a specific stakeholder group, stakeholder relationships can have a profound impact on the marketing activities of a DMO and the outcomes of these activities (Bornhorst, Ritchie, and Sheehan, 2010; Ford and Peeper, 2008). Thus, in order to fulfill its mission, a DMO's organizational culture must acknowledge the importance of multiple stakeholder groups within its marketing environment (Ford and Peeper, 2008; Palmer

and Bejou, 1995). Unfortunately, because existing conceptualizations of market orientation focus exclusively on marketing to customer and (to a lesser extent) competitor groups (Kohli and Jaworski, 1990; Narver and Slater, 1990), ignoring other potentially important organizational stakeholders (Ferrell, Gonzalez-Padron, Hult, and Maignan, 2010), I suggest that the corresponding operational approaches to measuring the MO phenomenon are not generalizable to the multi-stakeholder destination marketing environment. As is discussed in detail in the next chapter, although customers and competitors remain salient market-based DMO stakeholders (Ford and Peeper, 2008), the local lodging industry and the local government are equally important stakeholder markets whose needs must also be considered in the destination marketing process (Sheehan, Ritchie, and Hudson, 2007; Sheehan and Ritchie, 2005).

Accordingly, the purpose of my research is to extend the traditional customer/competitor-focused view of market orientation to include other stakeholders in the DMO's marketing environment. I do so by proposing a more broadly defined conceptualization of what it means to implement the marketing concept in a multi-stakeholder business environment, a phenomenon I refer to as a multiple stakeholder market orientation (MSMO). MSMO is defined as *the organizational culture and behaviors that facilitate an organization-wide commitment to understanding and reacting to the needs of salient stakeholder markets for the purpose of total value creation*. Defined as such, MSMO can be viewed as a strategic orientation that, if adopted and appropriately implemented by an organization's management/leadership, may lead to the development of a sustained competitive advantage. In Chapter II, this phenomenon is developed from the perspective of stakeholder theory, which conceptualizes a firm as a collection of reciprocal relationships between the firm and relevant actors within its environment (Freeman, 1984).

With respect to the above conceptualization of MSMO, the identification of salient organizational stakeholders is of critical importance. Accordingly, operationalization of the MSMO construct requires a careful consideration of the focal organization's operating environment (*cf* Donaldson and Preston, 1995). As such, MSMO is proposed as a multi-dimensional, second-order construct that can be dimensionalized in terms of an organization's orientation toward each salient stakeholder market and the extent to which the organization's culture and behaviors reflect the implementation of the marketing concept across these markets. Defined in these terms, MSMO can be seen as a move toward a more broadly defined "stakeholder orientation" (Ferrell et al., 2010) that includes elements of Narver and Slater's (1990) traditional conceptualization of market orientation (i.e., customer orientation, competitor orientation, and interfunctional coordination), but also acknowledges the importance of generating, disseminating, and reacting to salient information (Kohli and Jaworski, 1990) across the stakeholder spectrum. Following the process advocated by Churchill (1979), MSMO and the constructs proposed within its nomology are operationalized within the context of destination marketing. These constructs are then integrated into a causal model designed to test the degree to which MSMO affects the development of strategic assets and, subsequently, the performance of destination marketing organizations. The questions that will be developed and answered in this research are specified in the following section.

### **RESEARCH QUESTIONS**

***RQ1:*** What does it mean for an organization to be market-oriented in a multiple stakeholder environment? That is, what is MSMO?

***RQ2:*** How can MSMO be operationalized within the context of destination marketing?



**RQ3:** To what extent does an MSMO facilitate the development of strategic marketing assets in each of a DMO's salient stakeholder markets?

**RQ4:** Does an MSMO increase the ability of a DMO to attract resources to its organization?

**RQ5:** Does an MSMO increase the overall level of DMO performance?

### **JUSTIFICATION FOR THE STUDY**

Owing to the breadth of the phenomena and schools of thought this research seeks to integrate, the implications of this endeavor should be relevant to a number of audiences. First, the results of this study will provide a number of advancements in both the academic- and practitioner-related understanding of destination marketing. Second, although the present research is largely conducted within the domain of destination marketing, the proposal of a multi-stakeholder market orientation is also in line with recent developments in general marketing thought including the shift to a “service-dominant logic” view of marketing (Vargo and Lusch, 2004) and “the stakeholder marketing movement” (Gundlach and Wilkie, 2010). As such, the results of this research will also contribute to the continued development of general marketing thought. As follows, I justify the previously identified purposes for conducting this study in terms of both theoretical and practical implications.

#### ***Academic Implications***

This research addresses the dearth of literature formally recognizing the DMO as a purveyor of the marketing concept. As will be discussed, I propose that the boundary conditions associated with the general marketing concept preclude generalization of its operational definition (i.e., market orientation) to the domain of destination marketing. Because operational

definitions of theoretical constructs must necessarily be situated in sound theory (Summers, 2001), I develop a theory of DMO market orientation on which to base the operational measurement of MSMO. This process is implemented with the hope that the development of MSMO will do for research on destination marketing what the development of the “global” market orientation construct did for general marketing thought in the early 1990’s (see Kirca et al., 2005; Liao et al., 2011).

It is important to note that the above does not imply that scholars have not formally recognized DMOs as marketing organizations, nor that there has not been insightful marketing research conducted designating the DMO as the unit of analysis. This is not the case. A vast majority of the research on destination marketing and stakeholder relationships, however, has been qualitative in nature. While qualitative research is a useful approach to understanding the meaning of the relational and organizational processes (Creswell, 1998) associated with destination marketing and stakeholder relationships, quantitative research is needed to test the relationships implied in the qualitatively-derived process models. Because there have been few attempts to situate DMOs within the context of the overall marketing concept through its defining operational construct (i.e., market orientation), quantitative research concerning the implementation of the marketing concept within the domain of destination marketing is virtually nonexistent. The present research extends the qualitatively-derived perspectives of destination marketing by (1) exploring the operational nature of market-oriented destination marketing and (2) quantitatively testing the effects that this phenomenon has on organizational performance.

In addition to building tourism-specific theory, this research has the potential to influence theoretical perspectives within the broader context of marketing thought. Although I maintain that *historical* views of marketing theory are insufficient to fully describe and explain destination

marketing, my research is timely in its congruence with recent developments in *contemporary* marketing thought, specifically in terms of what Gundlach and Wilkie (2010) call the “stakeholder marketing movement.” Stakeholder marketing calls for a more direct consideration of stakeholder issues within the context of both marketing theory and practice (e.g., Ferrell et al., 2010; Lusch and Webster, 2011). Although the stakeholder view of the firm is rooted in the management literature (e.g., Donaldson and Preston, 1995; Freeman, 1984), historical considerations of the nature of marketing and its role in the firm suggest that (1) the domain of marketing thought should not be limited to customer and competitor stakeholder markets and (2) to take such a narrow strategic view of the marketing concept limits the utility of marketing in both theory and practice by ignoring its application to stakeholder management (Lusch and Webster, 2011; Smith, Drumwright, and Gentile, 2010).

In this tradition, my research seeks to address the multiple calls for an extension of the stakeholder perspective to the conceptualization of market orientation (Crittenden, Crittenden, Ferrell, Ferrell, and Pinney, 2011; Ferrell et al., 2010; Matsuno and Mentzer, 2000; Slater and Narver, 1999). In sum, because MSMO eschews the historically incompatible tenets of general marketing thought in favor of the more contemporary perspectives, the conceptual and operational definition of this phenomenon aligns destination marketing scholarship with the principles of contemporary marketing thought, while simultaneously providing support for the nascent stakeholder marketing perspective itself.

### ***Practitioner Implications***

In addition to its theoretical contributions, this research will also be useful to practitioners of destination marketing as they try to navigate an uncertain economic environment. In recent

years, competition among suppliers in the market for tourism destinations has increased substantially (Kotler, Bowen, and Makens, 2010). Unfortunately for DMOs, escalating competition has not yielded a corresponding increase in the financial resources allocated to destination marketing activities (Gretzel et al., 2006). Economic issues notwithstanding, politicians and hoteliers expect DMOs to continue to successfully manage visitor demand for the destination. In order to fulfill these expectations in the absence of increased funding, DMO executives must find ways to compete based on a more efficient use of the resources already at their disposal. My research proposes that DMOs can achieve this goal by adopting a strategic posture based on the implementation of the marketing concept at all levels of stakeholder interaction. As stated previously, this is the essence of MSMO.

A recent survey of members of the Travel and Tourism Research Association (TTRA) found that the second most important tourism research priority in the coming years should be the assessment of the performance effects of destination marketing strategies (Williams, Stewart, and Larsen, 2012). My research addresses this imperative by developing a model whereby the strategic implementation of MSMO affects the development of relationally-based marketing assets, and in turn, organizational performance. In the spirit of the TTRA's research priorities, my research will affect the field of destination marketing in three ways. First, the development of a multidimensional measurement of a destination marketing organization's MSMO will provide DMO executives with a mechanism for measuring the extent to which their organizations successfully implement the marketing concept across key stakeholder markets. That is, the measurement items developed in my research may subsequently be used by DMOs to identify relationship-based strengths (and weaknesses) inherent to their organizations that enhance (inhibit) the creation of customer value in all stakeholder markets. Second, my research will

provide DMOs with an increased knowledge of the way in which the strategic adoption of a multi-stakeholder market-oriented posture can stimulate the development of strategic marketing assets when funding increases are not available. Finally, my research will provide an insight regarding the extent to which these MSMO-generated assets affect a DMO's performance.

### **DEFINITION OF TERMS**

***Convention and Visitors Bureau (CVB)*** – A type of DMO that, in addition to marketing the destination itself, is also charged with marketing the destination's convention center.

***Destination*** – Any geographically defined area (i.e., city, county, state, region, country) that benefits to any degree from tourism-related activity within its borders. Unless otherwise specified, this research is concerned with city-level, county-level, and small region destinations only.

***Destination Marketing Organization (DMO)*** – An organization charged with marketing an identifiable destination. Note, however, that because my research is concerned with destination marketing at the city-level, county-level, and/or small region-level only (as opposed to state- and national-levels), use of the term DMO in this research implies that the associated “identifiable destination” is a city, county, or small region, unless otherwise specified.

***Destination Promotion Triad*** – The collective reference to the DMO and its two most important non-market stakeholders, local hotels/lodging properties and the city/county government (see Sheehan et al., 2007).

***Group Travel*** – Any visit to a destination as part of an organized group or similarly sponsored event (e.g., convention, conference, association meeting, etc.). Unless otherwise specified, group travel implies the involvement of a DMO in bringing the group to a destination.

***Hotel/Lodging Industry Stakeholder*** –Any firm and/or business owner operating an overnight lodging establishment within the boundaries of a specified destination.

***Independent (or Individual) Travel*** - Any visit to a destination not motivated by participation in an event planned or organized, at least in part, by the destination’s DMO.

***Market Orientation (MO)*** – *Conceptually*: The business philosophy that emphasizes understanding customers’ needs and creating customer value; the degree to which the marketing concept is implemented by a firm. *Operationally*: Unless otherwise stated, MO refers to the conventional operationalizations of the construct as proposed by Narver and Slater (1990) and/or Kohli and Jaworski (1990).

***MARKOR*** - The activities/behavior-based approach to the operationalization of market orientation as proposed by Kohli and Jaworski (1990) and operationalized by Jaworski and Kohli (1993).

***MKTOR*** - The culture-based approach to the operationalization of market orientation as proposed by Narver and Slater (1990).

***Multiple Stakeholder Market Orientation (MSMO)*** - The organizational culture and behaviors that facilitate an organization-wide commitment to understanding and reacting to the needs of salient stakeholder markets for the purpose of total value creation.

***Political Stakeholder*** – Any city- or county-level government agency or politician that influences the level of resources allocated to DMOs.

***Stakeholder*** – Any actor within an organization’s environment that (1) can potentially be affected (either positively or negatively) by the organization’s activities and/or has an interest in the organization’s potential to affect its own or other well-being, (2) has the power to give or

take away resources necessary for the continuation of the organization's activities, and/or (3) is valued within the overall culture of the organization.

***Tourism Industry Stakeholder*** – Any firm or business owner operating within a destination whose financial success depends on, or is directly influenced by, the destination's tourism product.

### **ORGANIZATION OF THE DISSERTATION**

Four chapters follow this introductory chapter, each serving to further develop the multiple stakeholder market orientation approach to destination marketing. In Chapter II, the theoretical explication of the MSMO construct is presented within the context of stakeholder theory. Following the theoretical specification of MSMO, an RBV-based framework is developed in order to answer the research questions concerning the relationship between MSMO and DMO performance. Chapter III details the methods used to develop constructs and test the proposed framework. Chapter IV reports the results of data collection and the quantitative analysis of these data. In Chapter V, I provide a discussion of the research findings including an examination of academic and practitioner implications, research limitations, and potential areas for future research.

## **CHAPTER II: LITERATURE REVIEW**

*“More attention to stakeholder theory must be central to marketing scholarship” (Lusch, 2007).*

Central to this research is the proposal of a multiple stakeholder approach to destination marketing, a phenomenon referred to herein as a multiple stakeholder market orientation (MSMO). In this chapter, I develop a conceptual definition of this phenomenon via the integration of three distinct, but overlapping, streams of research: the market orientation paradigm, stakeholder theory, and the resource-based view of the firm. This construct is then operationalized within the context of destination marketing. As follows, I first provide a historical overview of marketing thought, followed by discussions of the extant literature on both market orientation and stakeholder theory and how each relates to the MSMO framework. Throughout this discussion, MSMO is positioned as a more relevant conceptualization of market orientation within the context of the current marketing paradigm and its corresponding emphasis on non-market stakeholders (e.g., Bhattacharya and Korschun, 2008; Lusch and Webster, 2011; Vargo and Lusch, 2004). I then provide an explication of MSMO as it relates to destination marketing and put forth a series of propositions regarding its operationalization within this context. Finally, from the theoretical perspective of the resource-based view of the firm, I present a set of hypotheses concerning the relationships between MSMO, strategic marketing assets, and organizational performance.

### **MARKETING THOUGHT**

The American Marketing Association (AMA) currently defines marketing as “an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and



its stakeholders” (American Marketing Association, 2012). The AMA’s definition, however, is anything but stable. Over the last 40 years, the official definition of marketing has been revised a number of times to reflect periodic shifts concerning the nature and scope of marketing thought. Interestingly, as the dominant view of marketing has evolved from a “business only” phenomenon to its current conceptualization as an interactive, value-creating process (Vargo and Lusch, 2004) relevant to any organizational (or personal) situation involving exchange, the general paradigm used to operationalize the marketing concept itself (i.e., market orientation) has remained largely static following its initial specification (i.e., Kohli and Jaworski, 1990; Narver and Slater, 1990). As follows, I trace the evolution of marketing thought to its currently accepted state. This discussion provides the basis for my eventual contention that the currently accepted market orientation paradigm must be modified if it is to (1) remain consistent with the contemporary state of marketing thought and (2) reflect an appropriate set of assumptions for its application to the domain of destination marketing.

### ***Historical Context***

The science of marketing began as an offshoot of applied economics and was largely focused on the study of distribution channels and commodities exchange (e.g., Copeland, 1923; Nystrom, 1915). During these early years, termed “era-one” by Lusch and Webster (2011), marketing was viewed as a business function responsible for embedding utility in resources and adding value to commodities (Vargo and Lusch, 2004). Over time, as marketing evolved to become more focused on increasing sales, the marketing paradigm correspondingly shifted from an economics focus to a consumer behavior focus (Kotler, 1972a). Throughout the course of such paradigmatic shifting, however, the analytical focus of marketing remained at the firm

level, and as such, limited marketing's scope to firm-level phenomena. In 1969, however, Kotler and Levy proposed the relevance of marketing for all organizations having an identifiable product and a market for that product (i.e., customers). It was not until this proposal that marketing scholars began to consider the possibility that the developing principles of marketing *as a science* could be applied to organizations outside of a traditional business context.

Kotler and Levy's (1969) proposal for expanding the scope of marketing from the firm-only paradigm was hotly debated. Critics (e.g., Luck, 1969) argued that to extend the scope of marketing in such a way would risk a dilution of its content and thus reduce its relevance to the business field. Kotler (1972a) responded by arguing that rather than going too far, the initial proposal for broadening the concept of marketing did not go far enough. In particular, Kotler suggested that by requiring an organization to have both a product and a customer in order to qualify as a relevant unit of analysis for the application of marketing principles, the initial expansion of the marketing concept was still too limited in scope. In much the same manner as Hutchinson (1952), Kotler (1972a) argued that a science should not be limited to a single phenomenon (i.e., the transaction between a business and its consuming public), and that to constrain any branch of science in this way limits its potential for generalizability and, in turn, scientific progress (see also, Hunt, 1976). Thus, expanding on his previous position (i.e., Kotler and Levy, 1969), Kotler (1972a) developed his well-known "generic concept of marketing" that further broadened the scope of marketing thought to include all organizations and individuals engaged in some form of transaction, tangible or otherwise.

This transactions view of marketing stipulated that marketing principles need not be confined to traditional conceptualizations of "products" and "customers" and that marketing science can (and should) be applied to all "publics" (Kotler, 1972a, p. 46, 48) with which an

organization engages. Thus, the generic concept of marketing argues that transactions or exchange (Bagozzi, 1975) need not necessarily take place between an organization (or individual) and a consuming public in order for the tenets of marketing to apply. Although such transactions are certainly included within marketing's scope (Hunt, 1976), the generic concept of marketing advocates the application of marketing principles within the context of all relevant publics (e.g., suppliers, government, etc.).

With this expanded view of the generalizability of marketing science came a concurrent shift away from microeconomic maximization as the dominant logic of marketing management (Anderson, 1982; Hunt and Morgan, 1995; Webster, 1992). Until the 1980s, the central component of the marketing management paradigm concerned the manipulation of marketing mix variables toward the maximization of company objectives (Kotler, 1972b). According to the marketing management school of thought, profit maximization was a function of a firm's ability to satisfy its customers by selecting the optimal configuration of marketing's "four Ps" (product, price, promotion, and place). As the scope of marketing expanded, so too did the challenges to the marketing management paradigm and the overly simplified notion that microeconomic principles could be used to identify an optimal marketing mix (Sheth and Parvatiyar, 2000).

Although such challenges were brought about, at least in part, by the inclusion of multiple publics to the scope of marketing (Kotler, 1972a) and by the explication of circular exchange among networked actors (Bagozzi, 1975), the more pointed criticisms resulted from the realization that organizational forms were becoming too complex to be explained solely by the four Ps-driven framework advocated by the marketing management school (Day and Montgomery, 1999; Webster, 1992, 1998). Noting the practical trend away from simple, transactions-oriented marketing relationships toward more complex organizational forms such as

partnerships, strategic alliances, and networks, Webster (1992) suggested that the optimization paradigm, with its emphasis on “products, prices, costs, firms and transactions” (p. 6), must be replaced by a more socially-oriented and relational perspective. The changing nature of market transactions, in turn, gave rise to a separate stream of marketing research that eschewed the microeconomic paradigm in favor relational-based strategic marketing (Morgan and Hunt, 1994) with corresponding calls for revisions of the extant marketing paradigm in terms of both marketing strategy and marketing management (Anderson, 1982; Hunt and Morgan, 1995; Walker and Ruekert, 1987; Webster, 1992).

Central to the new paradigm was the recognition that firms, rather than people and machines, served as the locus of value creation. In contrast to what Lush and Webster (2011) term marketing’s “era one” - a period during which marketing was viewed as “utility creating and value adding” (p. 130) - the new era of marketing thought (i.e., “era two”) regarded marketing as customer-oriented and value-proposing. In era two, marketing’s focus was the customer and the market rather than the firm’s ability to produce. Drucker’s (1954) explication of the marketing concept suggested that customers, not firms, determine the value of an offering. Drucker maintained that while firms could make a value proposition, the locus of value creation was ultimately determined by the customer’s perception of that proposition. Accordingly, within this paradigm, the role of marketing was to satisfy customers rather than to imbue resources with utility. As discussed in the following section, market orientation was born of this “era-two” perspective and thus reflects many of its fundamental assumptions.

The discussion thus far provides an account of the relevant developments surrounding the shift from the marketing management perspective to what Vargo and Lusch (2004) term the “marketing as a social and economic process” (p. 3) perspective. Rather than providing a

comprehensive view of the shifting nature of marketing, which is beyond the scope of this project, the previous discussion is intended to chronologize the history of marketing thought up to and briefly following the introduction of the contemporary market orientation paradigm. Although I will return to this discussion throughout this chapter, I curtail my chronology of marketing thought temporarily, for it is at this historical juncture that the market orientation paradigm was proposed. Upon formal proposition of the MSMO construct, I return to this discussion in earnest, providing a justification for my contention that the current conceptualization of market orientation reflects certain historically-based assumptions that render it incompatible within the current marketing paradigm.

In the following section, I argue that the conceptualization and operationalization of the market orientation construct (Kohli and Jaworski, 1990; Narver and Slater, 1990), reflects a customer-centric/value-proposing view of the marketing concept more so than it does the socially integrated/co-creation of value perspective that has evolved separately over the past two decades (e.g., Bhattacharya and Korschun, 2008; Lusch and Webster, 2011; Vargo and Lusch, 2004). First, I introduce the currently accepted market orientation (MO) paradigm followed by a review of the two dominant approaches to operationalizing the MO construct and their impact on marketing research. I then return to the above discussion concerning the historical progression of marketing thought and present my argument that a more broadly defined conceptual and operational approach is needed to appropriately depict the implementation of the marketing concept as a part of the service-dominant logic of marketing (Vargo and Lusch, 2004).

## MARKET ORIENTATION

Broadly speaking, market orientation is referred to as the extent to which the marketing concept is implemented by an organization (Kirca et al., 2005; Liao et al., 2011; Narver and Slater, 1990). Although the marketing concept has primarily been considered in terms of its operational construct over the last 20 years, the concept itself has been around for a considerably longer period of time (e.g., Drucker, 1954; Felton, 1959). Originally, the marketing concept identified the marketing function primarily as a means by which to increase profit by driving customer satisfaction (Drucker, 1954). Defined as such, the marketing concept identified value in terms of the customer only, with little emphasis on the role of the firm in value creation (Lusch and Webster, 2011). However, as discussed above, the shifting view of marketing from a production- and sales-focused managerial function to a social and economic process (Vargo and Lusch, 2004) led to the corresponding philosophy that marketing should be considered as a value-proposing activity. Given the historical backdrop, it is not surprising that both Kohli and Jaworski (1990) and Narver and Slater (1990) noted a wide divergence of opinion concerning the appropriate definition of the marketing concept at the time of their collective conceptualizations of MO. Divergences notwithstanding, Kohli and Jaworski (1990), suggested that the extant research on the marketing concept could be synthesized to include three “pillars” of the concept itself: a customer focus, coordinated marketing, and profitability (see also Hunt and Morgan, 1995; Narver and Slater 1990).

Despite the debate surrounding the conceptualization of the marketing concept itself, both scholars and practitioners agreed that (1) a phenomenon known as a market orientation existed and (2) this phenomenon had a direct impact on firm performance (Levitt, 1960). However, although the virtues of market orientation as a business philosophy were widely extolled (Levitt,

1960; Webster, 1988), very little attention had previously been paid to the development of a corresponding theoretical framework for its implementation. Thus, prior to 1990, the marketing concept existed as a central, though somewhat nebulous, element of marketing research, and although the positive relationship between MO and firm performance was largely taken for granted, there was virtually no empirical evidence linking the two. Without an empirical basis for this contention, the concept of a market orientation was mainly deployed as a differentiating mechanism used to characterize firms whose primary focus was satisfying the customer, as opposed to optimizing production (i.e., a production-orientation) or maximizing sales (i.e., a sales orientation). In short, the term market orientation was largely a subjective descriptor of the contemporary conventional wisdom concerning the practical nature and scope of marketing. Unfortunately, this term was accompanied by very little empirical substance (Narver and Slater, 1990).

The ambiguity of such an important component of marketing thought was problematic for marketing scholars. Of particular concern was the lack of a measurement instrument that would serve to capture a firm's market orientation and *objectively* differentiate such an orientation from a production or sales orientation. In 1990, however, two reports, one by Kohli and Jaworski (i.e., the MARKOR scale; see also Jaworski and Kohli, 1993) and one by Narver and Slater (i.e., the MKTOR scale), were published identifying an operational structure of market orientation. As follows, I discuss these two competing (though not mutually exclusive) conceptualizations of market orientation in terms of the differences between MKTOR's cultural approach and MARKOR's activities/behavioral approach, and how these differences affect the respective operationalizations of the MO construct.

### ***MKTOR and MARKOR***

Narver and Slater (1990) proposed a culturally-based conceptualization of market orientation. According to this approach, market orientation is positioned as an organizational culture consisting of three behavioral components (customer orientation, competitor orientation, and interfunctional coordination), each representing a separate dimension of MO. Although these dimensions and their corresponding measurement items were identified as behaviorally-based, the resultant MKTOR scale, has nonetheless come to be associated with a cultural perspective.

Deshpande and Webster (1989) define an organization's culture as "the pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them norms for behavior in the organization" (p. 4). Accordingly, the cultural perspective of market orientation suggests that MO is a manifestation of an organizational culture that is committed to creating superior value for its customers (Deshpande, Farley, and Webster, 1993). According to Narver and Slater (1990), such a culture is reflected by the degree to which an organization acquires and reacts to market-level information. In particular, they suggest that acquiring information about buyers and competitors (i.e., a customer orientation and competitor orientation, respectively), and reacting to this information in a coordinated manner (interfunctional coordination) allows a firm to create value for its customers in a continuous process (Slater and Narver, 1999). That is, the cultural approach to MO suggests that an organizational culture built upon market knowledge and an understanding of value-chains can create customer value both in the present as well as over time (Narver and Slater, 1990).

This perspective, however, is not unanimously accepted. Critics of MKTOR have suggested that while values and beliefs are important determinants of behavior, an organization's beliefs may not necessarily be reflected in its behaviors due to resource constraints. As such, the



measurement of organizational culture may be subject to social desirability biases (Jaworski and Kohli, 1996), rendering MKTOR an inaccurate assessment of a firm's market orientation. Additionally, there has been some conjecture that Narver and Slater's (1990) cultural approach to MO mandates a strategic choice between a market orientation and a customer orientation (Connor, 1999). Although Slater and Narver (1999) subsequently addressed this criticism in an explication of customer orientation as an important, though not defining, component of a market-oriented culture, issues concerning the appropriate scope of market orientation continue to be a topic of debate.

In partial answer to the criticisms of the cultural approach, Kohli and Jaworski (1990) proposed an activities-based approach to market orientation. They define MO as "the organizationwide generation of market intelligence pertaining to current and future customer needs, dissemination of intelligence across departments, and organizationwide responsiveness to it" (p. 6). Rather than reflecting a culturally-based dimensional structure, this conceptualization of MO consists of four activities-based dimensions (intelligence generation, intelligence dissemination, response design, and response implementation) (Jaworski and Kohli, 1993). Their 32-item MARKOR scale represents what has come to be called the activities/behavioral approach to market orientation. The activities approach rejects the notion that organizational culture alone has the potential to translate the marketing concept into practice. Instead, Kohli and Jaworski (1990) suggest that MO is reflected by a set of activities and behaviors that are put into place by the organization's management.

Over the last 20 years, empirical research in the tradition of either MKTOR or MARKOR has been a central component of marketing scholarship. Despite their disparate conceptual foundations, scholars are in general agreement that, regardless of which operationalization is

used, both approaches tap the same theoretical domain (Oczkowski and Farrell, 1998). Using one or the other scale (but rarely both), hundreds of studies have been conducted connecting market orientation to a wide variety of antecedents and outcomes. The empirical research on market orientation is so vast that multiple meta-analytic studies (Cano et al., 2004; Grinstein, 2008; Kirca et al., 2005) and review/synthesis studies (Deshpande and Farley, 1998; Liao et al., 2011) have been conducted in an attempt to integrate results across the myriad individual endeavors.

Antecedents to market orientation are numerous but are generally classified according to three categories: top management factors, interdepartmental factors, and organizational systems (Jaworski and Kohli, 1993; Kirca et al., 2005). Consequences of a market orientation are similarly varied but can be broadly classified into four groups: customer consequences, innovation consequences, employee consequences, and most importantly, organizational performance (Jaworski and Kohli, 1996). Although an exhaustive account of the constructs that have been identified as componential to market orientation's nomological network is beyond the scope this research, the relationship between MO and firm performance warrants further discussion. With few exceptions (e.g., Caruana, Pitt, and Berthon, 1999; Lonial, Tarim, Tatoglu, Zaim, and Zaim, 2008), research has consistently identified a positive relationship between market orientation and firm performance. Kirca et al.'s (2005) meta-analysis of 114 studies identified a direct effect of MO on firm performance ( $r=.17$ ), while Cano et al. (2004) found a similar relationship ( $r=.35$ ) over 53 studies from 23 countries. For nonprofit organizations, the effect size was even larger ( $r=.55$ ). Thus, across numerous different industry contexts, countries, and organizational forms, the positive correlation between MO and firm performance remains consistent.

## *Criticisms*

Despite the proliferation of both MARKOR and MKTOR as the dominant operational approaches to measuring market orientation for the purposes of empirical research, the application of these two approaches has not gone unchallenged. As discussed above, one important debate surrounding the choice between the two scales is whether market orientation is in fact an organizational culture (i.e., MKTOR) or a set of organizational behaviors (i.e., MARKOR). Although there are justifications for both approaches, the decision to use one scale over the other is rarely explained. As a result, the choice between MKTOR and MARKOR for empirical purposes appears to be largely arbitrary.

Arbitrary use of these scales has led to the unfortunate assumption that, despite their obvious conceptual differences, MARKOR and MKTOR can essentially be used interchangeably (Gray, Matear, Boshoff, and Matheson, 1998). This problem is brought to bear more fully in light of research suggesting that one or the other scale may be a better predictor of firm performance. Although results have been mixed concerning whether MARKOR (Cano et al., 2004; Deshpande and Farley, 1998) or MKTOR (Oczkowski and Farrell, 1998) is the better predictor of performance, the potential that an arbitrary scale choice may moderate the MO-performance relationship across studies remains an important issue in MO research.

While scale choice is often arbitrary, scholars have occasionally argued the merits of one versus the other in a more pointed manner. Some have unequivocally argued in favor of the behavioral (Gebhardt, Carpenter, and Sherry, 2006; Kaur and Gupta, 2010) or activities (Jaworski and Kohli, 1996) approach regardless of the research objective or industry structure. A smaller camp has argued that both are valid but that a causal relationship exists between the two (Gainer and Padanyi, 2005; Hurley and Hult, 1998; Padanyi and Gainer, 2004). Unfortunately,

these debates have moved scholars no closer to a consensus concerning the true nexus of a market orientation. Perhaps the most likely explanation for the lack of consensus is that a strategic orientation is reflected by both an organizational culture and a set of activities associated with that culture (*cf* Gray et al., 1998; Pelham and Wilson, 1996; Ruekert, 1992). As discussed below, MSMO adopts such an approach.

A second, and perhaps more important, criticism of the current MO paradigm is that, regardless of which scale is selected for a particular endeavor, both are too limited in scope. Because MO is traditionally operationalized as a function of customer- and/or competitor-oriented reactions and behaviors (Kohli and Jaworski, 1990; Narver and Slater, 1990), a number of scholars have criticized the MO concept as too narrow in its focus (e.g., Ferrell et al., 2010; Greenley, Hooley, and Rudd, 2005; Kaur and Gupta, 2010; Matsuno and Mentzer, 2000). Such critics contend that, although customer- and competitor-level information are important components of strategic marketing decisions, a number of perhaps equally important stakeholder markets play a role in decisions related to the implementation of the marketing concept (Greenley et al., 2005). Such stakeholder markets include, but are not limited to, employees, investors/shareholders, suppliers, community groups/NPOs, universities, and governments (Matsuno and Mentzer, 2000; Slater and Narver, 1999). Unfortunately, although such groups are often acknowledged in strategy development processes, stakeholder issues are typically approached from the view of the customer rather than from a broader social context (Ferrell et al., 2010), and are not included at all in the traditionally accepted conceptualizations and measurements of market orientation.

Thus, although the operational definition of market orientation came nearly 20 years after Kotler's (1972a) call for an expansion of the scope of marketing to include non-financial

exchanges between an organization and its publics (not just its consuming public), the MO construct, regardless of which operationalization is used, nonetheless says very little about a firm's implementation of the marketing concept outside of its product market transactions. By implication then, market-level transaction/exchange appears to remain the central tenet of the marketing concept (at least at an operational level), implying that a market orientation is achieved only within the strategic context of product-market actors (i.e., customer and competitors).

But if the basic phenomenon of marketing is indeed the transaction, why then does a market orientation emphasize only the generation, dissemination, and reaction to market-level information? Is it not possible to bring to bear the tenets of marketing within the context of transactions with (and among) other stakeholders for the purpose of creating value? I suggest that, while a customer focus is undoubtedly central to the marketing concept, the creation of customer value should be expanded beyond a customer-centric focus. In particular, I suggest that an organization has the potential to create value through all of its transactions, regardless of the transacting partner (*cf* Lusch and Webster, 2011), and that the extent to which the marketing concept is applied to these transactions should accordingly be reflected in the operationalization of the organization's market orientation. Stated more simply, the construct representing the extent to which the marketing concept is implemented should include dimensionality beyond the typical customer- and competitor-based factors.

In conclusion of this section, I suggest that because current conceptualizations of market orientation focus only on market-based stakeholders such as customers and competitors, potential changes in firm performance attributable to non-market stakeholder relationships remains poorly understood. As a result, it is possible that if firms attend too closely to the

dominant, yet limited, conceptualization of market orientation described above, firm performance may suffer due to competitive deficiencies in the firm's relationship-based marketing asset structure. Examples of firms with important non-market stakeholders include hospitals, universities (Modi and Mishra, 2010), and, as discussed in detail below, destination marketing organizations (Fyall and Garrod, 2005). For such firms, I propose that an MSMO is a more appropriate conceptualization of market orientation than either MARKOR or MKTOR. As will be discussed, because MSMO incorporates customer- and competitor-orientations as well as orientations toward salient stakeholders outside of those in the traditionally defined product market, such a framework may be more appropriate for exploring the relationships between the organizational capabilities associated with MSMO and firm performance. In the following section, I further develop my proposal for a more inclusive conceptualization of the market orientation construct within the context of stakeholder theory as recommended by Lusch (2007) in the epigram of this chapter.

### **STAKEHOLDER THEORY**

In contrast to traditional input-output models of the firm, stakeholder theory argues that managers should be concerned not only with competitors and customers, but with all actors that possess a legitimate interest in the firm's activities (Donaldson and Preston, 1995). Ferrell et al. (2010) suggest that an actor can be identified as a stakeholder of an organization when at least one of the following conditions is met: (1) the actor can potentially be affected (either positively or negatively) by the organization's activities and/or the actor has an interest in the organization's potential to affect its own or others' well-being, (2) when the actor has the power to give or take away resources necessary for the continuation of the organization's activities,

and/or (3) the overall culture within the organization values the activities of the actor. Although customers and competitors fit the conceptualization of a stakeholder defined as such, stakeholder theory suggests the existence of numerous other stakeholders in a firm's activities. Within the general business literature, groups such as shareholders, investors, and community groups (Ferrell et al., 2010; Greenley and Foxall, 1997) have been identified that fit the more broadly defined concept of the stakeholder. Given the potential for stakeholder groups to influence managerial decision making (Donaldson and Preston, 1995), marketing researchers are increasingly acknowledging the importance of taking a stakeholder perspective in the conceptualization of a market orientation (Greenley and Foxall, 1998; Greenley et al., 2005; Lusch, 2007).

While the formal application of stakeholder theory to the field of marketing is a relatively new phenomenon, historical propositions concerning the nature and scope of marketing suggest that customers are but one market for which the tenets of the marketing concept apply (Hunt, 1976). For example, Kotler's (1972a) advocacy for a generic concept of marketing suggests that an organization engages in marketing activities with all publics in its environment. Kotler's "publics", now called stakeholders, include all entities that must be marketed to in order for the organization to convert resources into some output that is desired by a consumer. The multiple stakeholder view of marketing is also in accord with Bagozzi's (1975) exchange theory of marketing, particularly in his explication of complex circular exchange (e.g., exchanges between firms, consumers, NPOs, and governments). Even within the more current paradigm that proscribes a service-dominant logic (Vargo and Lusch, 2004), Lusch and Webster (2011) acknowledge the role of stakeholders in the co-creation of value. I discuss this position more fully as follows, beginning with a review of the growing support for stakeholder marketing.

### ***Stakeholder Marketing: Shifting from MO to SO***

Recently a small (but growing) “stakeholder marketing movement” (Gundlach and Wilkie, 2010) has emerged that calls for a more direct consideration of stakeholder issues within the context of strategy development (e.g., Ferrell et al., 2010; Lusch and Webster, 2011). Lusch and Webster (2011) suggest that “marketing is no longer a separate business function, but also a general management responsibility within a broad network enterprise” (p. 129). Similarly, Smith et al. (2010) warn against the onset of a “new marketing myopia” that ignores the emergence of salient non-customer stakeholder markets that wield significant power over business activities and firm performance. In accordance with such contentions, stakeholder marketing suggests that, in addition to crafting marketing strategy based on customer- and competitor-level information, firms must also consider how their activities will affect all parties that hold a stake in their business practices. Thus, in contrast to the customer-centric, value-proposing dominant logic of Lusch and Webster’s (2011) “era two”, stakeholder marketing identifies more strongly with the contemporary paradigm whereby value is co-created across stakeholders in an effort to maximize both customer and stakeholder value. I return to this discussion in the following section concerning the formal explication of MSMO as a more appropriate conceptualization of MO within Vargo and Lusch’s (2004) service-centered dominant logic of marketing, or what Lusch and Webster (2011) refer to as marketing’s “era three.”

In the spirit of the stakeholder marketing movement, several proposals have been made for a more general stakeholder orientation (SO) construct. For example, Yau et al. (2007) and Luk, Yau, Tse, Sin, and Chow (2005) proposed a four-dimension (customer, competitor, employee, shareholder) SO scale for large Chinese corporations. Similarly, Greenley et al. (2005) developed a multiple-stakeholder orientation profile (MSOP). These operational



approaches to developing a stakeholder orientation construct can be seen as a move toward an expansion of the market orientation paradigm to other stakeholder markets. Certain issues, however, prohibit the extant conceptualizations of SO from fully addressing the extent of the marketing concept's implementation across stakeholder groups. First, the above conceptualizations of SO include only customer, competitor, employee, and/or shareholder orientations (Greenley et al., 2005; Luk et al., 2005; Yau et al., 2007). While the inclusion of employee and shareholder orientations is certainly justifiable for certain companies (e.g., large corporations), these are often only two of the additional stakeholder markets that may need to be considered. As will be discussed more fully below, this is especially the case for destination marketing organizations, as well as non-profit organizations.

Second, there is some evidence that internal market orientation (i.e., employee orientation) may be a distinct phenomenon, separate from external stakeholder orientations (Gounaris, 2006; Schlosser and McNaughton, 2007). Third, the operational approaches used to measure the various stakeholder orientation dimensions frequently adopt a cultural perspective, with little to no consideration of organizational activities as reflective of an SO. Finally, there is some question concerning the extent to which the extant customer and competitor measurement items retain content validity for all firms and industries and whether or not a mere adoption/adaptation of these scales can solve this problem. Thus, existing operationalizations of SO represent only a partial solution to the previously discussed conceptual and operational limitations associated with MARKOR and MKTOR.

### ***Stakeholder Marketing and RBV***

In addition to stakeholder theory, the commingling of marketing and stakeholder management can also be interpreted in terms of the resource-based view (RBV) of the firm (Barney, 1991; Peteraf, 1993). Although I discuss this framework more fully in a subsequent section, several brief statements concerning the application of RBV within the context of stakeholder marketing are warranted here. First, Day (1994) suggests that a market-based approach to strategy is driven by specific managerial capabilities. In terms of the RBV framework, strategic capabilities such as market orientation can be viewed as resources that contribute to the creation of sustained competitive advantage (Hooley, Moller, and Broderick, 1998). If the scope of market orientation is extended to include a wider range of organizational stakeholders (as I propose it should be), stakeholder theory provides a basis for the explication of stakeholder relationships as a source of such an advantage.

According to Pfeffer and Salancik (1978), assets derived from relationships with “external coalitions” (or stakeholders) can be seen as resources upon which the very existence of the firm may depend. Correspondingly, if a primary stakeholder withdraws its support for an organization, the organization may cease to exist (Clarkson, 1995). Even non-resource granting stakeholders can affect organizations in important ways. Savage, Nix, Whitehead, and Blair (1991) suggest that influential social entities can affect organizational performance to the extent that these entities do (or do not) support an organization’s mission. Thus, given stakeholder theory’s position concerning the importance of external stakeholders combined with the RBV-based position that stakeholder relationships represent rare and inimitable resources (Dyer and Singh, 1998), advocates for stakeholder marketing are not unreasonable in suggesting that the marketing concept plays a role in the cultivation of such resources.

## MULTIPLE STAKEHOLDER MARKET ORIENTATION

In consideration of the theoretical arguments advanced above concerning the need for a more inclusive conceptualization of market orientation, I now turn to a more focused discussion of the multiple stakeholder market orientation concept identified in the previous chapter. MSMO is defined as *the organizational culture and behaviors that facilitate an organization-wide commitment to understanding and reacting to the needs of salient stakeholder markets for the purpose of total value creation*. This definition distinguishes MSMO from both MO and SO in that there are no *a priori* assumptions regarding the stakeholder markets towards which an organization should be oriented. Prior to proposing an operational structure of this concept, three additional elements of this definition warrant further discussion.

First, this definition implies a capabilities approach to the conceptualization of the MSMO phenomenon. I propose that like a market orientation (Day, 1994; Foley and Fahy, 2009; Hooley et al., 1998), MSMO reflects a set of strategic organizational capabilities. To the extent that the capabilities associated with managing stakeholder relationships are both sustainable and difficult to duplicate (Dyer and Singh, 1998), such capabilities can be assumed to contribute to creating a sustainable advantage in much the same way as the customer- and competitor-oriented capabilities conceptualized by both Narver and Slater (1990) and Kohli and Jaworski (1990). While this is discussed in more detail subsequently, the preceding account of the theoretical bases for a MSMO suggests that the capabilities associated with maintaining favorable stakeholder relationships (i.e., MSMO) can appropriately be identified as a sustainable source of competitive advantage (Ferrell et al., 2010).

Second, the definition of MSMO refers to the identification of *salient* stakeholder markets. In terms of operationalization, this suggests that MSMO has a dimensional structure

that reflects an organization's orientation toward each stakeholder fitting the criterion of saliency. Because different firms will have different salient stakeholder markets depending on their location, industry, legal status, etc. (Donaldson and Preston, 1995), it is of critical importance to provide an appropriate explication of what it means to be a salient organizational stakeholder. At a minimum, a salient stakeholder must meet the criteria outlined by Ferrell et al. (2010) in the previous section. However, because Ferrell et al.'s (2010) definition, if interpreted loosely enough, could potentially include every person and organized group in existence as a salient organizational stakeholder, the onus is on the manager (or scholar) to determine which stakeholders, in addition to customers, should be attended to in any organization- or industry-specific operationalization of MSMO. As is discussed throughout the rest of this chapter and the chapter following, close attention to previous literature as well as the interpretation of practical managerial data are essential to the explication of contextually specific operationalizations of MSMO.

Finally, it is important to note that the above definition of MSMO assumes neither a cultural nor a behavioral approach. Instead, I suggest a combined approach. As discussed previously, there has been considerable debate among scholars concerning which conceptualization is appropriate, particularly when it comes to firm performance. In fact, recent research suggests that, when it comes to a market orientation, both an organization's culture and its behaviors are important predictors of firm performance (Gainer and Padanyi, 2005). In this tradition, rather than arbitrarily selecting one tradition over the other, I propose that elements of both are important to the operational specification of MSMO (*cf* Ruekert, 1992). That is, I contend that an MSMO-based organizational culture and the activities indicative of this culture are reflective of the same underlying latent construct.

### ***MSMO and the Service-Dominant Logic***

A critical element of the MSMO framework is its conceptual congruence with the service-dominant logic (SDL) of marketing (Vargo and Lusch, 2004). Returning to the opening discussion of this chapter, the market orientation paradigm emerged in a time period referred to as “era two” (Lusch and Webster, 2011) in which marketing was customer-oriented and value-proposing. Recently however, marketing scholars have acknowledged that the nature of marketing has evolved yet again, and that neither firm nor customer can unilaterally dictate the notion of value. This perspective is referred to as the service-dominant logic of marketing (Vargo and Lusch, 2004). This newest shift in marketing thought posits that value is achieved via the exchange of operant resources such as knowledge, information, and skills, rather than the exchange of operand resources in the form of tangible goods (Vargo and Lusch, 2004). The SDL suggests that, rather than merely being created by the producer, value is co-created through the interaction of a firm with its customers, competitors, and other salient stakeholders (Lusch and Webster, 2011). Additionally, the SDL holds that the goal of value creation is less about maximizing customer value than it is maximizing the organization’s collective value across all of its salient stakeholders (Lusch and Webster, 2011).

If marketing has in fact moved to a service-centered dominant logic with a fundamental goal of creating total value for all stakeholders, then the extant conceptualization of market orientation has indeed been marginalized. That is, the customer- and competitor-centric conceptualizations of MO proposed by Narver and Slater (1990) and Kohli and Jaworski (1990) simply cannot account for the complexities of the new marketing paradigm. While information generation, dissemination, and reaction are still key to maximizing value for customers and stakeholders, no longer can this information come only from “the market” nor can it be used

simply for the creation of customer value. Instead, information must be generated and disseminated across stakeholders for the purpose of value creation *in toto*. As such, I suggest that MSMO reflects a more accurate conceptualization of the marketing concept within the current paradigm of marketing thought than does the relatively less inclusive MO.

### ***Nonprofit Market Orientation***

Prior to the explication of MSMO within the context of destination marketing, a final discussion is warranted regarding a tangential, but relevant stream of research within the MO paradigm. Over roughly the last 15 years, a separate stream of MO-based research has emerged that seeks to understand the nature of market orientation in the nonprofit sector (Gainer and Padanyi, 2005; González, Vijande, and Casielles, 2002; Kara, Spillan, and DeShields, 2004; Liao, Foreman, and Sargeant, 2001; Modi and Mishra, 2010). Interestingly, existing conceptualizations of nonprofit market orientation (NPMO) are considerably more consistent with stakeholder theory and the service-dominant logic than those of its “for-profit” counterpart. As such, this stream of literature has important implications for the MSMO framework in general, and for the destination marketing industry in particular.

Nonprofit market orientation has been conceptualized as the generation and dissemination of information on key stakeholder constituencies throughout the organization (Modi and Mishra, 2010). An important difference between NPOs and for-profit organizations is that the beneficiaries of an NPO’s product or service are distinct from the decision makers responsible for allocating resources to the NPO itself (Lovelock and Weinberg, 1989). Thus, the nature of an NPO’s operational environment mandates that the above notion of “key stakeholders” must go beyond customer and competitor markets. However, because NPOs

engage in relationships with numerous markets simultaneously, it is difficult to identify a single market towards which an NPO should be oriented. Depending on the research context, potential “markets” have included donors (Balabanis, Stables, and Phillips, 1997), donors and beneficiaries (Vazquez, Alvarez, and Santos, 2002; Kara et al., 2004; Macedo and Pinho, 2006), clients (Gainer and Padanyi, 2002; 2005), clients and government funders (Padanyi and Gainer, 2004), and customers and competitors (Voss and Voss, 2000).

In recognition of the structural differences between for-profit and nonprofit organizations, several attempts have been made to adopt and/or adapt the existing conceptualizations of MO to the domain of nonprofit marketing. This research has largely been conducted within the MARKOR paradigm (e.g., Morris, Coombs, Schindehutte, and Allen, 2007; Kara et al., 2004; Vazquez et al., 2002). While at least two studies (Gainer and Padanyi, 2005; Padanyi and Gainer, 2004) used both MARKOR and MKTOR, only one study was identified that exclusively focused on establishing a culturally-based conceptualization of NPMO (Modi and Mishra, 2010). Additionally, virtually all of these studies have specified a different dimensional structure of NPMO depending on the national culture and industry contexts of the research. Thus, while scholars appear to agree that NPMO should be distinguished from MO, there is very little consensus on which distinctions should be made and/or how the NPMO construct itself should be operationalized.

The above discussion suggests several important implications for the proposed MSMO framework. To its credit, NPMO commonly acknowledges the implications of the multiple markets that must be considered in the nonprofit marketing function. When compared to for-profit MO, this perspective aligns more closely with the proscriptions of the stakeholder marketing movement, as well as with those related to the service-dominant logic of marketing.

Unfortunately, despite the acknowledged dissimilarities between for-profit and nonprofit marketing, operational approaches to NPMO nonetheless continue to operate under the assumption that a mere adaptation of existing constructs can sufficiently capture the nuances of nonprofit marketing. I suggest that the lack of consensus concerning the operational structure of NPMO is potentially an issue of construct validity. That is, because both MARKOR and MKTOR were developed within the domain of for-profit marketing, it is unlikely that their respective measurement items sufficiently tap the domain of nonprofit market orientation. Additionally, while some items may retain relevance across the organizational spectrum, others are simply not valid within the context of nonprofit marketing. Returning to the differences between nonprofit and for-profit marketing, I concur with Gainer and Padanyi's (2005) assertion concerning the difficulties associated with measuring NPMO:

“The implication of [these difficulties] for research on market orientation in the nonprofit sector is that studies must analyze data which do not conflate an organization's activities and values with respect to different constituencies. While market orientation in several of an organization's markets could be studied simultaneously, data must be collected using appropriate constructs and measures for each different constituency of interest...” (p. 855).

As will be discussed in the following section, the operational approach to the measurement of MSMO within the context of destination marketing does just this. To summarize, the conceptualization of MSMO can be seen as an attempt to integrate the salient aspects of MO (MARKOR and MKTOR), SO, and NPMO as they relate to both the service-dominant logic of marketing in general, and the stakeholder marketing movement in particular. Having addressed the conceptual differences between MSMO and the operational frameworks



from which this construct is derived (i.e., MO, SO, and NPMO), I now turn to an explication of MSMO within the context of destination marketing.

### **DESTINATION MARKETING**

As discussed in the introductory chapter, the present research operationalizes MSMO within the context of destination marketing. The destination marketing industry is an appropriate context in which to develop the concept of MSMO and to establish its relationship with organizational performance for two reasons. First, although DMOs are often registered as nonprofit organizations, these organizations, in addition to their “donor and beneficiary” stakeholders, also have a traditionally defined customer base that is uncharacteristic of other types of NPOs. Accordingly, a large body of research indicates that a DMO’s marketing strategy must consider all such stakeholders in order to achieve organizational success (Ford and Peeper, 2008; Goeldner and Ritchie, 2012; Park, Lehto, and Morrison, 2008). Because DMOs have a broad set of market and non-market stakeholders, this industry is an ideal context for the conceptualization of MSMO as expressed above.

A second reason for developing MSMO within the context of destination marketing is that while the development of a market-oriented approach to destination marketing has been tacitly acknowledged (Fyall and Garrod, 2005; Medlik and Middleton, 1973; Pike, 2004; Ritchie, 1996), the MO phenomenon has yet to be explicitly identified within this domain. As far back as 1973, Medlik and Middleton proposed that, like other industries, tourism was following a traditional three-stage process toward a market orientation. Their research identified the period prior to the 1950s as the stage of production orientation and the 1960s and 1970s as the selling orientation phase. Their model predicted that, as need satisfaction replaced mass marketing and

sales as the salient criteria for strategic decisions, tourism would move from a selling orientation to a market orientation. Unfortunately, although need satisfaction has indeed replaced mass marketing and sales in the tourism production function (Blain, Levy, and Ritchie, 2005), “tourism has been slow to achieve the full potential from moving from [a] selling orientation to a marketing orientation” (Pike, 2004, p. 13). Thus, while the literature suggests that the phenomenon of market-oriented destination marketing exists, scholars have yet to provide this phenomenon a conceptual or operational specification. One potential source of this problem is that there is no clear definition of what such a market orientation should entail within the context of destination marketing.

Interestingly, the current understanding of market orientation as it applies to destination marketing appears to be quite similar to the understanding of market orientation in general in the years leading up to the conceptual development of MKTOR and MARKOR. That is, just as marketing scholars were in agreement that MO, as a business philosophy, had existed for many years prior to its operational specification (Narver and Slater, 1990), tourism research currently acknowledges that market-oriented destination marketing exists as a phenomenon; but because this phenomenon has not been operationalized, quantitative research on this phenomenon is virtually nonexistent. In the following sections, I address this gap in the literature by developing a theoretical explication of market-oriented destination marketing. Because the MSMO construct itself, as well as the constructs within its nomology, have no precedence in the extant literature, this section can be seen as the first step in fulfilling Churchill’s (1979) process for developing marketing constructs: specification of the construct’s domain.

## **DMO STAKEHOLDERS**

The first task in conceptualizing the phenomenon of MSMO in destination marketing is to identify the salient stakeholders of the organizations charged with promoting destinations. A review of the relevant literature on destination marketing organizations (DMOs) identified five key stakeholder markets: customers (independent and group), competitors, political stakeholders, and industry stakeholders. As follows, I discuss these five markets as they meet the criteria outlined above for designation as a salient organizational stakeholder. Within this discussion, propositions are put forward concerning the dimensional structure of a DMO's MSMO.

### ***Customers***

Narver and Slater (1990) define a customer orientation as “the sufficient understanding of one’s target buyers to be able to create superior value for them continuously” (p. 21). Implicit in this definition is the necessity that sellers must understand entire value chains (rather than just one customer) in a forward-looking (rather than a static) manner. Recent research on the effectiveness of destination marketing similarly emphasizes such an understanding of the customer. Gretzel et al. (2006) suggest that “successful [destination] marketing requires an integration of the information derived from the conversation with the consumer, especially complaints” (p. 119), and Baker and Cameron (2008) emphasize the importance of crafting a long-term approach to marketing in the same way that a market orientation requires an attention to the long-term (i.e., sustainable) satisfaction of consumer needs (Day, 1994; Narver and Slater, 1990; Kohli and Jaworski, 1990). Similarly, King (2002) suggests that, because the customer has moved to from a passive to an active actor in the marketing process, DMOs will need to “engage the customer as never before” (p. 106) in order to understand and satisfy both informational and

experiential needs. Suggested changes to facilitate this process include “the establishment of ongoing direct two-way and networking communication channels and key customer relationship strategies” (p. 107). With respect to building these customer relationships, two customer markets are identified, the group travel market and the independent travel market.

Concerning the former, one of the most important functions of a DMO is to attract group-level travel in the form of organized tours, meetings, conventions, and other events to its destination (Ford and Peeper, 2008). Group-level travel is an essential customer market for many hotels, especially those that offer meeting space (Kotler, Bowen and Makens, 2010). DMOs are charged with “selling” the destination to these large groups that will, in turn, purchase hotel rooms, meeting space, meals, etc. from tourism suppliers operating in the destination. Thus, while a DMO’s group-level clients do not purchase anything directly from the DMO, the emphasis placed on these customers suggests an element of considering the demand of the “buyer’s buyers” (Narver and Slater, 1990) and of understanding entire value chains rather than individual end users.

Given the importance of group-level travel, DMOs must market their destinations to both previous and potential clients for the purposes of generating and retaining interest in their destination as a preferred group travel location. Thus, the tour operators, convention and meeting planners, association executives, and travel agents (Baker and Cameron, 2008; Ford and Peeper, 2007; Prideaux and Cooper, 2002) represent the direct customers of the DMO (Ford and Peeper, 2008). These direct customers are the people in charge of making the decision to bring large groups of visitors to a destination and are thus the most important customer markets for many DMOs. Destination marketing personnel must understand the divergent needs of these direct

customers and the groups they represent and then find a way to match their destination's tourism product with specific group-travel needs (Shoemaker, Lewis, and Yesawich, 2000).

Importantly, however, matching customer needs to destination attributes is not the only form of value creation in which a DMO must engage. DMOs must also ensure that their target markets match the needs of their tourism suppliers (Ford and Peeper, 2008; Murphy and Murphy, 2004). In total, this process can be seen as the co-creation of value among a DMO, its group-level customers, and the DMO's industry stakeholders. Such a balancing act can only be accomplished to the extent that a DMO understands its group travel market and is able to communicate these needs to the industry stakeholders who will ultimately be responsible for meeting them. Thus:

*Proposition 1: A group travel orientation is a distinct operational dimension of a DMO's multiple stakeholder market orientation.*

Although the above discussion identifies visitor suppliers as the direct customer, indirect customers are also an important DMO stakeholder (Ford and Peeper, 2008). Indirect customers are the independent consumers of a destination's tourism products. Independent customers represent those non-group travelers who select a particular destination to satisfy their travel needs. In order to stimulate independent travel to their destinations, DMO's are responsible for creating and maintaining a destination image that conveys the types of needs that a destination is capable of satisfying (Pike, 2004). As such, DMOs must be aware of the needs of both their individual- and group-level customers in much the same way that traditional firms must address the needs of both large and small volume buyers.

Independent customers are particularly important when it comes to the DMO's value proposition. Without attending to the needs of independent customers, a DMO is unlikely to create a destination image that resonates with its target markets (Deslandes, Goldsmith, Bonn, and Sacha, 2006). In these terms, the creation of a destination image represents a value proposition by the DMO. Such an image, however, must be crafted within the context of need satisfaction (Morgan, Pritchard, and Pride, 2002), and thus requires more than a unilateral dictation of value on the part of the DMO. Instead, a destination's image must be crafted in coordination with the customer's needs and with the recognition that all of the destination's stakeholders play a part in communicating that image to both potential and actual visitors (Prideaux and Cooper, 2002). Because both political- and industry-level stakeholders often have an interest in crafting a destination's image (Prideaux and Cooper, 2002), a DMO's job with respect to its independent visitors is twofold. First, a DMO must create value by understanding and reacting to the needs of its independent visitors. No less important, however, is the task of achieving stakeholder buy-in for the value proposition and then communicating that proposition across the spectrum of salient stakeholder markets responsible for its implementation. Thus:

*Proposition 2: An independent customer orientation is a distinct operational dimension of a DMO's multiple stakeholder market orientation.*

### ***Competitors***

The recognition of competing destinations as DMO stakeholders allows for the incorporation of the competitor orientation component of a market orientation into the proposed MSMO framework. Narver and Slater (1990) conceptualize a competitor orientation as an understanding of the strengths and weaknesses of current and potential competitors. As is the

case concerning a customer orientation, this understanding must extend into the long-term horizon. Similarly, although Kohli and Jaworski (1990) do not explicitly operationalize a competitor orientation, the importance of generating, disseminating, and responding to competitor- and industry-level information is also an important part of the activities approach to MO (i.e., MKTOR).

Understanding competition is no less critical to the marketing of destinations than it is to the marketing of goods and services (Shoemaker et al., 2000). In terms of functional attributes, destinations are often quite similar (Ekinci and Hosany, 2006), and without a differentiating dimension, one destination can easily be substituted for another (Usakli and Baloglu, 2011). Thus, in order to achieve a sustainable competitive advantage for a destination, DMOs must promote a destination image that is superior to the image promoted by its competitors (Hankinson, 2005). The development of a differentiable destination image, however, requires a keen understanding of competitor capabilities and strategy (Pike, 2004).

The value of understanding competitor activity is often acknowledged in the destination marketing literature (e.g., Ford and Peeper, 2007, 2008; Gretzel et al., 2006; Shoemaker et al., 2000). As discussed above, destinations compete for the business of individual- and group-level travel in much the same way that manufacturers and retailers compete for both small and large volume clients. As such, destination marketers fulfill similar roles as their more traditional counterparts when it comes to maintaining (and selling) a differentiable image (Ford and Peeper, 2008). However, a differentiable destination image cannot be established without an acute understanding of competitor activity (Pike, 2004) and the ability to turn this information into a value proposition that is agreeable to both the local tourism industry and the local community (Blain et al., 2005). Accordingly, the generation and dissemination of competitor information

across stakeholders markets is an essential component of successful destination marketing (Baker and Cameron, 2008). Thus:

*Proposition 3: A competitor orientation is a distinct operational dimension of a DMO's multiple stakeholder market orientation.*

### ***Local Government***

Thus far, the discussion has not gone beyond the customer and competitor orientations that are already widely recognized as the quintessential components of a market orientation. As discussed above, however, customers and competitors are not the only markets a DMO must understand. In the U.S., DMOs are typically funded by locally collected room taxes (Beldona, Morrison, and Ismail, 2003), and because local governments control the flow of public financial resources to the DMO, the support of politicians for the services that DMOs provide is of critical importance (Gartrell, 1992). Thus, in addition to customers and competitors, DMOs must also satisfy the political stakeholder market (Baker and Cameron, 2008; Gretzel et al., 2006).

DMOs compete for tax revenues with other local organizations and initiatives (Ford and Peeper, 2008), including law enforcement and public education, that often take precedence over destination marketing in terms of political importance, especially in financially struggling municipalities. Accordingly, destination marketers must market themselves to their political stakeholders by continually providing information about the positive impacts that their activities have on the community. Because the size of a DMO's budget largely determines the scope of its marketing activity (Prideaux and Cooper, 2002), DMOs must ensure that their services are not under-valued by the political establishment. This task can be accomplished in a number of ways, all of which are reflective of a political stakeholder orientation. For example, DMO's can stay in



touch with local political issues by closely monitoring the political environment, as well as by recognizing those initiatives with which they compete for funds (Gretzel et al., 2006).

Because political support, in the form of funding allocations, often has a direct impact on a DMO's ability to provide value to its customers (d'Angella and Go, 2009; Wang, 2008), DMOs must satisfy the needs of their resource allocating stakeholder markets in order for value creation to take place. I suggest that the degree to which DMOs generate such information (e.g., meeting with politicians, attending city council meetings, etc.) and subsequently disseminate and react to that information represents a political stakeholder orientation. Such a process necessitates that a DMO must (1) understand the needs of the local political establishment and (2) react to these needs in a manner conducive to generating political support for its mission. Again, this capability relies on effectively communicating the needs of both visitors and the local tourism industry to the politicians responsible for assessing and rewarding the DMO's marketing efforts (Ford and Peeper, 2008). Thus:

*Proposition 4: A political stakeholder orientation is a distinct operational dimension of a DMO's multiple stakeholder market orientation.*

### ***Local Tourism Industry***

A final, but no less important DMO stakeholder is the local tourism industry. In addition to the DMO and the local government, Sheehan et al. (2007) refer to tourism industry stakeholders, specifically hotels and other lodging properties, as the third entity in "the destination promotion triad." Their contention that the success of a destination depends on the level of coordination between these three triadic entities is widely acknowledged in the literature (Ford and Peeper, 2008; Park et al., 2008; Prideaux and Cooper, 2002; Wang, 2008; Wang and

Xiang, 2007). Research in this tradition emphasizes the role of the DMO in coordinating destination marketing activities not only with respect to generating buy-in on the part of individual firms but also in coordinating the efforts of competing firms (Wang and Krakover, 2008). Thus, private businesses, especially hotels, that stand to gain (or lose) from the marketing of a particular destination, are another important DMO stakeholder.

The extent to which DMOs relate to these private stakeholders is a critical component of successful destination positioning (Sheehan et al., 2007). Wang's (2008) identification of DMOs as industry coordinators suggests the importance of maintaining industry relationships and coordinating the activities of individual private stakeholders for the purposes of carrying out the DMO's mission. A DMO's ability to facilitate mutually beneficial relationships by converging the goals of competing firms depends on the degree of social inclusion in the DMO's marketing strategy (d'Angella and Go, 2009), and without the inclusion and cooperation of key industry stakeholders, DMOs are severely limited in their ability to build a destination-wide brand (Prideaux and Cooper, 2002). As such, it is perhaps not surprising that Park et al. (2008) found that DMOs emphasize the importance of collaborating with the tourism industry above other non-market stakeholders such as restaurants, attractions, and even the local government.

Although there are often a number of important industry-based stakeholder markets in a destination (i.e., restaurants, attractions, retailers, etc.), the local lodging industry is often identified as the most important of these markets (Sheehan and Ritchie, 2005; Sheehan et al., 2007). The importance of the local lodging industry to a DMO is a result of funding structure. As discussed above, DMOs are often funded, at least in part, by the taxes collected by local lodging facilities. This "bed tax" is levied by the city and/or county government, collected by the hotels, and then apportioned to the DMO according to the terms of its contract or other agreement with

the city and/or county. Thus, DMOs are often reliant on the local lodging industry (albeit indirectly) for either some or all of their annual funding (Ford and Peeper, 2008).

Importantly, the lodging industry is similarly reliant on its DMO to create demand for its hotels, especially in the slower periods of the destination's yearly business cycle (Kotler et al., 2010). Although restaurants, attractions, and retailers rely on DMOs for the same services, the local lodging industry more directly influences DMO funding and is thus seen as a relatively more influential stakeholder compared to other tourism-reliant sectors of the destination's economy (Sheehan and Ritchie, 2005). Additionally, because overnight stays are often a precondition for the purchase of other tourism products (Shoemaker et al., 2007), the success of a destination's lodging industry market can be seen as a proximal indicator of the success of other tourism industry stakeholder markets. Accordingly, an industry stakeholder orientation is defined as the extent to which information relevant to the needs and expectations of the local lodging industry is generated and, in turn, disseminated across stakeholder markets. Under the assumption that an orientation toward the local lodging industry serves as a proxy for an orientation toward the local tourism industry *in toto*:

*Proposition 5: An industry stakeholder orientation is a distinct operational dimension of a DMO's multiple stakeholder market orientation.*

### **THE RESOURCE-BASED VIEW OF THE FIRM**

With the MSMO concept thus identified, I now turn to the development of a conceptual framework designed to explain the relationship between MSMO and organizational performance. The hypotheses developed in this section are derived within the theoretical context of the resource-based view (RBV) of the firm (Barney, 1991; Peteraf, 1993; Wernerfelt, 1984). At a

broad level, the resource-based view of the firm seeks to explain the sources of long-term organizational success. Under the assumption that firms are fundamentally heterogeneous in terms of resources and capabilities, RBV posits that long-term financial success accrues to those firms that can most efficiently and effectively deploy resource endowments in the marketplace (Peteraf, 1993). Such resources may be tangible or intangible (Barney, 1991) and can have varied sources of origin (Hooley et al., 1998). In order for a resource to contribute to the creation of a sustainable competitive advantage, however, it must be valuable, rare, and inimitable (Barney, 1991).

Despite its widespread application, the RBV framework is often criticized for failing to clearly define what constitutes a resource (Collis, 1994; Priem and Butler, 2001). Additionally, there is some discrepancy among RBV theorists concerning the differences between resources, capabilities, and assets (Srivastava, Fahy, and Christensen, 2001). Over the last two decades, a number of resource classification schemes have been proposed attempting to definitively identify the nature of (and relationships among) resources, capabilities, and assets. Unfortunately, these conceptualizations are often mutually exclusive. For example, while some scholars suggest that assets and capabilities are two types of resources (Barney, 1991; Day, 1994; Hooley et al., 1998), others have identified resources and capabilities as two types of assets (Amit and Schoemaker, 1993). Thus, prior to the explication of hypotheses concerning the outcomes of MSMO, the distinctions between these phenomena must be discussed.

The net result of the divergent conceptualizations of resources, capabilities, and assets is that the definitions of these terms are often a function of individual interpretations of the RBV rather than of a consensus in the literature. Srivastava et al. (2001) suggest that it is the relatively nebulous and conflicting conceptualizations of these RBV-based phenomena that have

previously inhibited the integration of marketing and RBV theory. To remedy the disconnect between marketing and the resource-based view, they propose a classification scheme of assets and capabilities that are marketing specific. In keeping with the tenets of RBV, their framework conceptualizes assets and capabilities as two types of resources. Additionally, their framework specifically attends to the origin of these resources, stipulating that in order to be considered-market-based, an asset must be “generated and leveraged in large part through marketing activities” (p. 779). Because Srivastava et al.’s (2001) framework addresses the assumptions of RBV and aligns its content with the domain marketing thought, subsequent discussion of resources, capabilities, and assets reflect this approach.

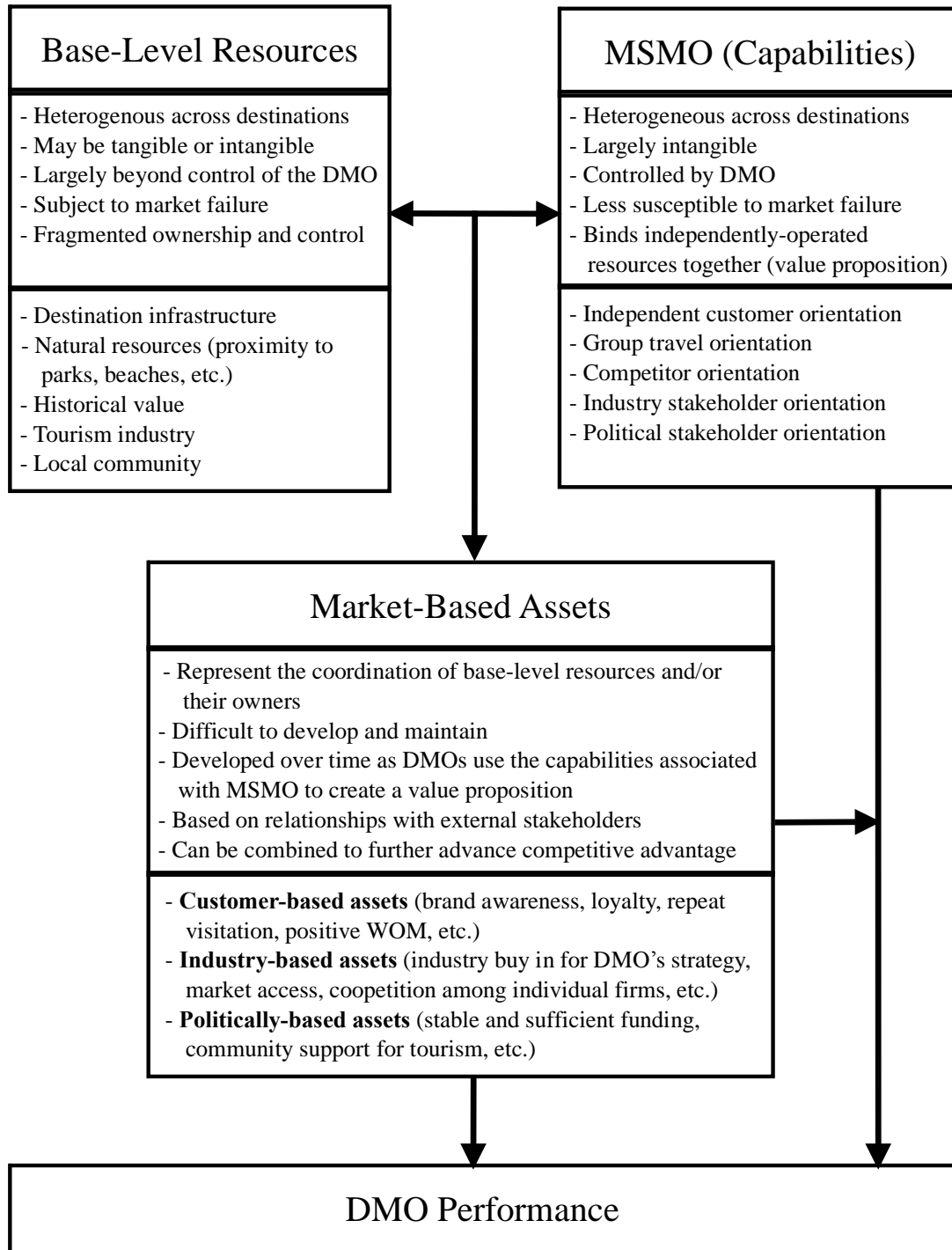
Within the context of the current research, the importance of distinguishing between resources and capabilities is brought to bear more fully in the task of identifying market orientation as either a resource or a capability. Over the last 20 years, MO has been conceptualized as both a resource (e.g., Menguc and Auh, 2006) and as a capability (Foley and Fahy, 2009; Hooley et al., 1998). Interestingly, in contrast to the somewhat heated debate concerning whether MO is a cultural vs. a behavioral construct, there has been relatively less interest in making a distinction between MO as a resource vs. a capability. More often, scholars discuss this distinction as a secondary consideration within the more important context of identifying MO as a source of sustainable competitive advantage.

Likewise, it is essential to establish MSMO as a rare and inimitable resource capable of sustaining a competitive advantage. In order to identify MSMO as a source of sustainable competitive advantage for DMOs, this concept must be differentiated from the more basic (or base-level) destination resources that are largely beyond its control. As discussed previously, DMOs have relatively limited control of their destination’s tangible resources. DMOs control

neither the infrastructure of their destinations nor the private suppliers of the destination's tourism product. Similarly, a DMO does not control the natural and historical/heritage-based resources that play such a critical role in many destinations' competitive positions (Dwyer, Mellor, Livaic, Edwards, and Kim, 2004; Enright and Newton, 2004). Within the context of the resource-based view, such resources represent the heterogeneous fixed factors that cannot be expanded (Peteraf, 1993). However, as will be discussed more fully in the following section, although they cannot be deployed directly, these resources are also rare, inimitable, and non-transferable, and, as such represent a potential source of sustainable competitive advantage when combined with other resources and/or capabilities (Madhavaram and Hunt, 2007).

Lack of resource control notwithstanding, DMOs are still in charge of managing their destination's value proposition. Without the ability to control the product or its attributes, however, DMOs must create value by coordinating the efforts of those stakeholders that directly control the destination's base resources. As such, the value of a DMO to a destination lies in its ability to deploy resources outside of its direct control to the destination's economic advantage (Crouch, 2011). As discussed in the previous section, to accomplish such a task requires consideration not only of customer needs, but also the needs of the public and private stakeholders of the destination's tourism product (Fyall and Garrod, 2005). This capability is the essence of MSMO, and to the extent that it is deployed in a manner conducive to the generation of market-based assets (as developed in the hypotheses below), MSMO can accordingly be identified as a sustainable source of competitive advantage.

Figure 1 synthesizes the distinction between base-level resources and capabilities adopted in the current research endeavor. Additionally, this figure addresses the relative position of assets (discussed below) in this classification scheme and serves as the basis for the proposed



**Figure 1: The RBV and destination marketing organizations**

relationships among these three RBV-based concepts and firm performance. In Figure 1 (*cf* Amit and Schoemaker, 1993), base-level resources (*cf* Crouch, 2011 on core destination resources) are assumed to be heterogeneous across destinations. Such resources may be tangible or intangible (Barney, 1991) and include the natural/historically-based resource endowments of the destination; the climate; the physical infrastructure; the local culture (particularly its acceptance of visitors); and the individual skills and knowledge of the tourism industry stakeholders in the destination (Crouch, 2011; Dwyer et al., 2004). Although these resources are beyond the direct control of the DMO, they can still be leveraged to create competitive advantages when combined with other capabilities (Madhavaram and Hunt, 2007).

By contrast, market-based assets (see following section) represent bundles of resources that a DMO has accumulated over time (Hooley et al., 1998). Although these assets are largely intangible, their rare and inimitable nature affords them a potentially enhanced ability to facilitate a sustainable competitive advantage. This potential is realized through the organization's ability to co-create value through stakeholder marketing via the MSMO capability. As such, MSMO can be seen as the "glue" that binds base-level resources together (Day, 1994) to ultimately form the more strategically valuable market-based assets. When these base-level resources are bound together in this way, the bundling effect provides the foundation for a resource-based competitive advantage that could otherwise not be achieved (Madhavaram and Hunt, 2007).

Importantly, the base-level resources, capabilities, and market-based assets depicted in Figure 1 can also be interpreted in terms of Madhavaram and Hunt's (2007) resource hierarchy. Because this classification scheme is rooted in the service-dominant logic perspective of marketing, the conceptual congruence of this framework to the current endeavor is particularly



important. In terms of the resource hierarchy, the base-level destination resources represent a type of basic operant resource (BOR) that allows for the production of a DMO's market offering. However, because these resources are highly substitutable in many cases (Usakli and Baloglu, 2011) and are largely beyond the direct control of the DMO, it is difficult to deploy them advantageously without combining them with other resources (Madhavaram and Hunt, 2007).

Moving up the hierarchy, MSMO (like MO) represents a composite operant resource (COR). More specifically, it is a combination of the BORs associated with generating and disseminating information across stakeholder markets. Finally, the market-based assets represent an interconnected operant resource (IOR) resulting from the combination of MSMO and the heterogeneous, but largely fixed, BORs. As will be discussed below, these assets are more difficult to develop but are also a more powerful (and sustainable) source of competitive advantage if they are developed appropriately. The contention that the base-level resources outside of the DMO's control are converted into assets via the capabilities associated with MSMO represents the basis of the first three hypotheses presented in the following section.

Returning to Figure 1, the explication of MSMO as an organizational capability suggests that while a DMO may not directly control its resource base, it can still deploy its fixed base-level resources, via the MSMO capability, in a strategically competitive manner. The degree to which competitive advantage is sustained however, depends on the extent to which marketing across stakeholders is a part of the DMO's strategic posture. While the essence of competitive advantage is still locked in the proverbial "black box" of RBV theory (Priem and Butler, 2001; Sirmon, Hitt, and Ireland, 2007), prior research suggests that a more tangible outcome of a given strategic orientation is the stock of strategic assets the organization possesses (Greenley et al., 2005). In the final sections of this chapter, I develop a set of hypotheses linking

MSMO and three types of marketing assets (customer-based assets, industry-based assets, and politically-based assets) with organizational performance. The constructs discussed in this chapter and their structural relationships can be seen in Figure 2.

### MARKET-BASED ASSETS

Having identified the theoretical framework from which my hypotheses flow, I can now discuss the hypothesized relationships between MSMO and market-based assets in earnest. In terms of the resource-based view, assets refer to “any physical, organizational, or human attribute that enable the firm to generate and implement its efficiency and effectiveness in the

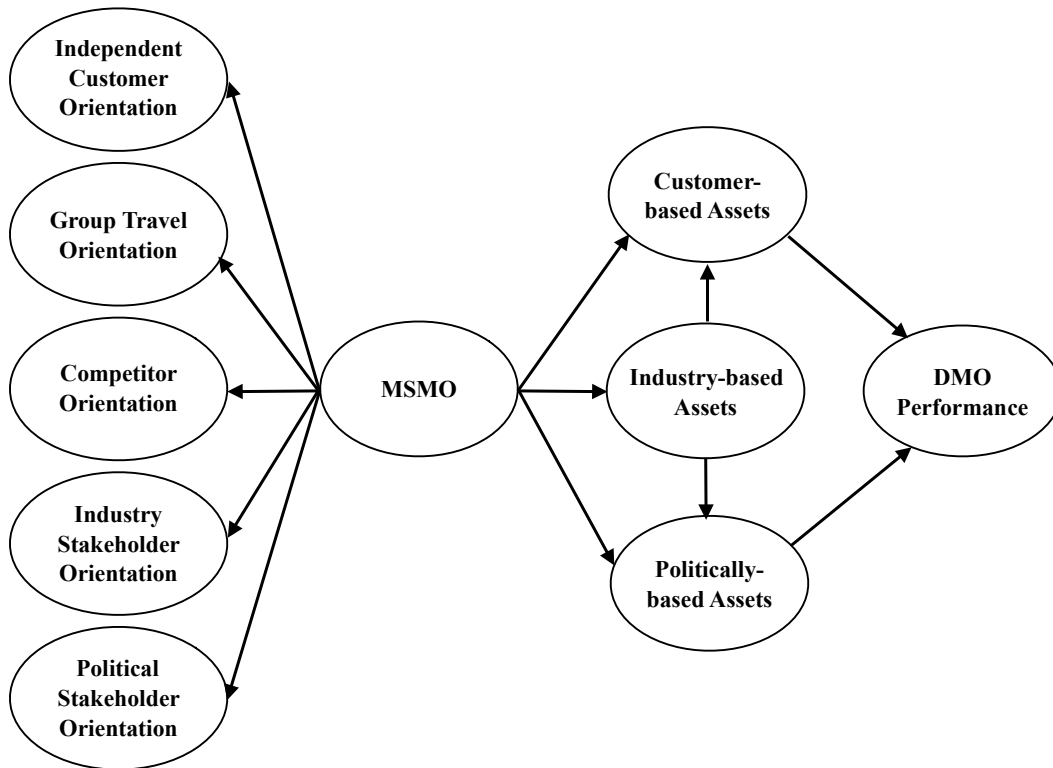


Figure 2: Structural relationships among first-order constructs

marketplace” (Srivastava, Shervani, and Fahey, 1998, p. 4). Assets are similar to resources and capabilities but can be distinguished based on their relative complexity. As alluded to in the previous section, assets can be defined as *bundles* of resources and capabilities that can be leveraged to gain competitive advantage (Srivastava et al., 2001). Additionally, assets typically must be generated over a period of time (Amit and Schoemaker, 1993). Returning to Madhavaram and Hunt’s (2007) hierarchy of resources, assets represent a higher-level resource resulting from the combination of multiple CORs and/or BORs over time, and the more assets that are bundled together, the more sustainable is the resultant competitive advantage.

Like resources and capabilities, assets can be grouped according to the functional source of their origination (e.g., organizational, financial, legal, marketing, etc.) (Hooley et al., 1998). Though a number of asset categories have been identified, applications of RBV in the field of marketing research have emphasized the importance of market-based assets in particular. Market-based assets represent a distinct type of strategic asset that “arise(s) from the commingling of the firm with entities in its external environment” (Srivastava et al., 1998, p. 2). Market-based assets come in two forms, intellectual and relational. Intellectual market-based assets refer to the types of knowledge a firm possesses about its competitive environment. Because intellectual assets are based on knowledge about product markets, their development is aided by the implementation of a market orientation (Kohli and Jaworski, 1990; Srivastava et al., 2001).

By contrast, relational market-based assets are defined as the “outcomes of the relationship between a firm and key external stakeholders including distributors, retailers, end customers, other strategic partners, community groups and even government agencies” (Srivastava et al., 1998, p. 5). Within the proposed framework, MSMO represents the antecedent

conditions on which such “outcomes” are based, while relational market-based assets represent the outcomes themselves. Because MSMO is defined in terms of relationships between a firm and a broadly defined set of external stakeholders, I hypothesize that the capabilities associated with MSMO will affect the development of relational market-based assets. However, because (1) multiple types of market-based assets exist (Hooley et al., 1998) and (2) organizations vary in their orientations across stakeholder markets (Greenley et al., 2005), I propose that variations within the dimensional structure of MSMO are associated with corresponding variability across asset structures. Specifically, I hypothesize that an MSMO is antecedent to three distinct types of market-based assets (customer-based assets, industry-based assets, and politically-based assets) each of which is derived from a DMO’s relationship with a specific stakeholder market.

### *Customer-based Assets*

Customer-based assets arise from positive relationships between a firm and its customers (Greenley et al., 2005; Hooley et al., 1998). Accordingly, customer-based marketing assets are often discussed under the auspices of relationship marketing (Sheth, Sisodia, and Sharma, 2000; Srivastava et al., 2001). For example, Doyle’s (2001) examples of customer-based marketing assets include market knowledge, brand awareness, customer loyalty, and strategic relationships. Similarly, Urde (1999) addresses the specific potential for a brand to be developed into a strategic asset. Taking a more fine-grained approach, Greenley et al. (2005) distinguished customer-based assets such as brand-awareness, firm reputation, and customer relationships from alliance-based assets such as market access and access to strategic partners’ resources. Because customer-based assets such as (branding, favorable relationships, etc.) are attributed to strategic orientations toward end-users/customers (O’Cass and Ngo, 2007), I propose that the

culture/activities associated with the customer and competitor components of MSMO are positively associated with the availability of such assets, especially when the needs of the market are, in turn, communicated to the appropriate stakeholders.

Within the context of DMOs, customer-based assets such as crafting a differentiable destination image (Hankinson, 2005) and maintaining positive relationships with customers (Pike, Murdy and, Lings, 2011) are increasingly being attributed to traditional market-oriented (i.e., customer- and competitor-oriented) behaviors. Other desirable customer-based assets such as loyalty and repeat visitation are also likely to rely on the extent to which a DMO keeps up with changing needs and preferences of their target markets (Pike et al., 2011). As such, activities geared toward better understanding and satisfying the needs of both direct and indirect customers likely play an important role in the development of a DMO's customer-based assets.

However, the premise of MSMO is that this traditional type of market orientation must be combined with an orientation toward other stakeholders if it is to contribute to the development of a sustainable competitive advantage. Within the context of MSMO, this means that a DMO must also communicate its customer-focused value proposition to both its industry and political stakeholders in order to coordinate the delivery of that proposition (Buhalis, 2000). If a DMO's value proposition is communicated to both the industry suppliers of the tourism product and the political entities that represent the destination as a whole, and all parties act in a unified manner relative to the implementation of this proposition, customer-based assets such as brand equity (Pike, 2007), repeat visitation (Morais and Lin, 2010), visitor loyalty (Velázquez, Saura, and Molina, 2011), and target market loyalty (McKercher and Guillet, 2011) are more likely to develop than would be the case in the absence of such coordination. Thus:

*Hypothesis 1: MSMO is positively associated with the existence of customer-based marketing assets.*

### ***Alliance-based Assets***

In addition to customer-based marketing assets, the development of alliance-based marketing assets is also proposed hypothesized as a function of a DMO's implementation of a multiple stakeholder market orientation. In contrast to customer-based marketing assets, alliance-based marketing assets are conceptualized here to reflect positive relationships among the firms that make up the destination promotion triad (Sheehan et al., 2007). This research proposes two types of alliance-based marketing assets, industry-based assets and politically-based assets. While these specific types of alliance-based assets are unique to destination marketing, they are, in many ways, analogous to existing conceptualizations of alliance-based assets in the general business literature. For example, Hooley et al. (1998) discuss alliance-based assets in terms of networks and alliances. Such alliance-based assets include market access, knowledge sharing, and access to financial resources (Greenley et al., 2005). However, given the unique nature of the destination marketing industry and the importance of coordinating the destination's value proposition across both political and industry stakeholders (Fyall and Garrod, 2005), the alliance-based marketing assets inherent to the destination promotion triad (Sheehan et al., 2007) are uniquely developed within the parameters of the destination marketing industry.

Unlike customer-based marketing assets that can be attributed to understanding customers and competitors, a DMO's alliance-based marketing assets arise out of interactions with its industry and political stakeholders. As discussed previously, the destination promotion triad (Sheehan et al., 2007) can be viewed as a *de facto* cross-sectional alliance between the

DMO, the local government, and the tourism industry. Accordingly, each DMO has two potential alliance partners and a distinct relationship with each partner. These relationships are the basis for the development of two types of alliance-based assets, one reflecting a DMO's relationship with its local government and another reflecting its relationship with the local tourism industry. As follows, I discuss politically-based marketing assets and industry-based marketing assets within the context of MSMO.

Politically-based assets refer to those assets that accrue to a DMO as a result of the ability of its managers to maintain favorable relationships with the politicians responsible for allocating tax dollars to the organization. The degree to which a DMO successfully markets itself to its community and the politicians who represent that community can have a major impact on the level of political support the destination receives (Destination & Travel Foundation and Revent LLC, 2011; Gretzel et al., 2006). In recent years, the importance of advocacy has been an increasingly important aspect of destination marketing. This sentiment is reflected in the opening statement of the Destination Marketing Association International (DMAI) Advocacy Toolkit as expressed by DMAI president and CEO Michael D. Gehrisch: "With destination marketing budgets facing increased competition from other government priorities for funding, it is more critical than ever for the official destination marketing organization (DMO) to be a constant advocate for the travel industry and the dedication of marketing dollars" (Destination & Travel Foundation and Revent LLC, 2011, p. 6).

Mr. Gehrisch goes on to note that as little as a decade ago, DMO CEOs spent 80% of their time marketing and 20% advocating on behalf of their organization. Today, however, those numbers have been switched. This switch highlights an increasingly salient aspect of destination marketing: Without continuously communicating the value of their organizations to the local

community/government, DMOs risk losing the support of the politicians that fund their organizations (Destination Marketing Association International Foundation and Karl Albrecht International, 2008). In addition to losing funds, adverse government regulation and policy decisions can also severely hamper a DMO's ability to fulfill its mission (Destination & Travel Foundation and Revent LLC, 2011). By contrast, with a strong advocacy platform, DMOs can help to ensure that when funding and policy decisions are made, these decisions are considered in terms of the potential impact on the local tourism industry and the DMO.

Accordingly, DMAI's Advocacy Toolkit handbook strongly emphasizes building relationships with key government stakeholders. Returning to the previous discussion of political stakeholders as a key DMO constituency, recall that a political stakeholder orientation is reflected by a DMO's commitment to understanding the needs of its political stakeholder market, and that an MSMO reflects the communication of these needs to other salient stakeholders. In turn, the outcomes of MSMO are the assets that "arise from the commingling of the [DMO] with [the politically-based] entities in its external environment" (Srivastava et al., 1998, p. 2). In these terms, the resultant politically-based assets are reflected by stable (or increasing) funding, an active support of a DMO's mission, and a general appreciation for the role of tourism in the community's economic development (Ford and Peeper, 2008). I suggest that these politically-based marketing assets arise as a result of a DMO's ability to communicate a unified value proposition reflecting the needs of all its stakeholders to the politicians that represent the destination community and *vice versa*. Thus:

*Hypothesis 2: MSMO is positively related to the existence of politically-based marketing assets.*



A second type of alliance-based marketing asset arises from the commingling of the DMO with entities in the local tourism industry. Industry-based assets are defined here as those assets that accrue to a DMO as a result of its ability to maintain favorable relationships with and among local tourism businesses. In addition to allying directly with its industry suppliers, DMOs must also facilitate a cooperative environment among the providers of their destination's tourism product (Fyall and Garrod, 2005). According to a 2008 survey of DMO CEOs conducted by DMAI, building partnerships among local stakeholders was one of the most commonly reported value propositions that CEOs wanted to be associated with their DMO (DMAIF and Karl Albrecht International, 2008). Thus, for DMOs the goal is not to ally with any one firm *per se*, but to promote an atmosphere of cooperation among all tourism firms in its jurisdiction by building a consensus for its value proposition. In these terms, industry support for the firm's mission can also be seen as a type of alliance-based asset to the extent that the numerous (and often competing) firms in the local tourism industry cooperate for the good of the destination as a whole.

Unfortunately, however, because stakeholders do not always value the role of the DMO in the local economy, it cannot be assumed that just because an alliance exists, the relationships among its members necessarily represent a source of competitive advantage (Parmigiani and Rivera-Santos, 2011). Indeed, research suggests that considerable variation exists in the extent to which DMOs positively relate to their alliance partners, and *vice versa* (Sheehan and Ritchie, 2005). Ford and Peeper's (2008) qualitative study of DMO managers provides support for this position in their conclusion that a lack of what the present research refers to as an MSMO is often associated with less successful DMO performance. The present research seeks to

quantitatively assess these findings by operationalizing stakeholder support of the DMO under the auspices of industry-based marketing assets. Thus:

*Hypothesis 3: MSMO is positively related to the existence of industry-based marketing assets.*

In addition to their origination as a function of MSMO, industry-based assets are also hypothesized to play a role in the development of both customer-based and politically-based marketing assets. Concerning the former, recall from the explication of the industry stakeholder orientation component of MSMO that a primary function of a destination's DMO is to act as an industry coordinator in rallying the private businesses around the destination's value proposition. As discussed above, the industry-based assets that arise as a result of an MSMO reflect the degree to which the DMO has successfully facilitated an environment of mutual cooperation among the competing and non-competing businesses in the destination. When developed in conjunction with an MSMO, these industry-based assets may also act as a supplementary driver of customer-based assets. The potential mediating effects implied by this contention are discussed as follows.

Wang and Krakover (2008) identify three types of competitive configurations characteristic of any one destination: competition, coopetition, and cooperation. Additionally, they propose four types of relational configurations that can exist between firms in these environments: affiliation, coordination, collaboration, and strategic networks. An important component of this classification scheme is the role of the local DMO in facilitating both the overall competitive configuration as well as the specific types of relational configurations. Wang and Krakover (2008) suggest that stronger DMO leadership is associated with cooperative

relationships such as collaboration and the development of strategic networks, while weaker leadership leads to less cohesive relationships such as coordination or affiliation. As I have already discussed how an MSMO may lead to a more cooperative business environment, it is now appropriate to consider how the assets associated with such an environment interact with MSMO to further the development of the customer-based assets conceptualized above.

The essence of industry-based assets is the favorable relationships that a DMO establishes both with and among its industry stakeholders. When a DMO is successful in facilitating an environment of mutual cooperation among the businesses it represents and in establishing support for its mission, all stakeholders stand to benefit from the corresponding consensus concerning the destination's image and overall value proposition to its potential visitors (Fyall and Garrod, 2005). As discussed previously, DMOs are charged with the development of both (Wang, 2008) but do not have the power to force their industry stakeholders to accept that proposition/brand or to communicate it to their own customers (Pike, 2004). As such, DMOs must work to ensure that their industry constituents are supportive of their proposed brand/image and the message that this brand sends to potential (and actual) visitors (Murphy and Murphy, 2004). For example, when the tourism industry does not support the DMO's branding strategy, individual businesses will often implement their own branding strategies, and without a consensus concerning their destination's image, these individual branding endeavors are likely to be incongruent not only with the DMO's brand message, but also with each other (Morgan, Pritchard, and Pride, 2002).

When individual firms do not promote the destination's brand, the DMO runs the risk of confusing or even alienating their customer base through the dilution of their brand (Hopper, 2002; Pike, 2007). When a visitor comes to a destination expecting to receive the experience

implied by the destination's brand promise, but receives a different message from the destination's hotels, restaurants, and attractions, these visitors are less likely to return than if their experiences were congruent with their perception of the destination's brand (Blain et al., 2005; Keller, 1993). On the other hand, when there is support for a destination-wide brand, and visitors receive congruent messages throughout the duration of their visit to the destination, that brand is likely to resonate more strongly in the future in the form of a stronger brand association (Aaker, 1991). Moreover, when a visitor perceives a destination's brand as consistent with his/her experiences with the destination's suppliers, the resultant increase in brand equity often leads to increased customer-based assets such as loyalty and greater return intentions (Pike, 2007). Thus:

*Hypothesis 4: The existence of industry-based marketing assets is positively related to the availability of customer-based marketing assets.*

In addition to their effect on the development of customer-based assets, industry-based assets are also proposed to influence the development of politically-based assets. In addition to building a unified image for a destination, industry collaboration with (and support for) its DMO helps to establish a similar consensus concerning the role of tourism in the community (Ford and Peeper, 2008; Murphy and Murphy, 2004). Because the role of the local government is to represent the community, policy decisions that can potentially benefit (or harm) a DMO's ability to achieve its mission are, at least in part, a function of the community's support (or lack thereof) for its DMO's mission and/or value proposition. If the tourism industry is fragmented, local business owners and managers are less likely to be politically supportive of their DMO. In such a case, DMOs will be susceptible to competition from what Prideaux and Cooper (2002) call

“splinter marketing organizations.” To the extent that such organizations are successful in attracting the limited public resources allocated to destination marketing, the DMO risks a reduction in its own funding (Gretzel et al., 2006).

Additionally, when a DMO’s value proposition to the community has not been accurately communicated to the appropriate industry stakeholders, voters are more likely to support the allocation of their limited tax revenues to organizations that have better communicated their own value propositions. Without the availability of industry-based assets to implement their strategic plans, DMOs may see their funds siphoned off in order to supplement law enforcement, education, or other community-sponsored organizations such as an arts council or economic development entity (DMAIF and Karl Albrecht International, 2008; Gretzel et al., 2006).

However, when the local tourism industry is united behind a common goal and engages in mutually beneficial collaborative inter-firm relationships, support for the DMO is likely to be relatively strong (Prideaux and Cooper, 2002). In such a case, business leaders are more likely to support the continued allocation of tax dollars to fund the DMO’s work in the community. Alone (i.e., without stakeholder support), a DMO rarely has the power to influence public policy. However, when a DMO speaks for the industry stakeholders who pay taxes and participate in elections, governing officials are more likely to be sensitive to the DMO’s concerns (Fyall and Garrod, 2005; Murphy and Murphy, 2004; Prideaux and Cooper, 2002) and even to advocate on its behalf (Destination & Travel Foundation and Revent LLC, 2011). Similarly, the existence of positive relationships among firms in a destination’s community makes it easier for a DMO to defeat potentially adverse legislation such as budget cuts (Destination & Travel Foundation and Revent LLC, 2011). Thus:

*Hypothesis 5: The existence of industry-based marketing assets is positively related to the availability of politically-based marketing assets.*

### **ORGANIZATIONAL PERFORMANCE**

Depending on the industry context, firm performance can be operationalized in a number of ways. In the for-profit sector, cost- and revenue-based performance metrics are common (Kirca et al., 2005). In the nonprofit sector, however, performance is not so easily measured as non-profit organizations (NPOs) are not typically evaluated on financial performance alone. In fact, because NPOs do not seek to earn a profit, profit-based financial metrics are of limited empirical value within the domain of NPO research.

Additionally, the multiple constituencies (or stakeholder markets) to which NPOs are beholden require a more comprehensive conceptualization of firm performance than can be reflected by market-based financial metrics alone. As such, the existing research on the link between nonprofit market orientation (NPMO) and organizational performance has often employed subjective measures of performance (see Modi and Mishra, 2010; Shoham, Ruvio, Vigoda-Gadot, and Schwabsky, 2006). Unfortunately, existing subjective conceptualizations of NPO performance cannot capture the complexity of the multi-stakeholder DMO environment, nor the degree to which a DMO has satisfied the needs of its visitors, its industry beneficiaries, and its community leadership.

Likewise, there is also no single agreed upon *objective* metric of DMO performance. Although a number of objective indicators of various facets of DMO performance exist, neither the industry nor academia has achieved a consensus on which of these metrics should be used as a benchmark for the comparison of one DMO's performance versus another. At the industry

level, DMAI's handbook for performance reporting (DMAI, 2011) lists more than 100 metrics that can be used to assess various aspects of a DMO's sales, marketing, and communications performance. However, evidence that formal performance audits frequently fail to capture the true performance of a DMO (Woodside and Sakai, 2009) have led to increasing debate within academia concerning which metrics should be used as a basis for comparison among DMOs (e.g., Pike, 2007; Pratt, McCabe, Cortes-Jimenez, and Blake, 2010).

One reason that both industry and academia have had such difficulty establishing an agreed upon benchmarking metric is that DMOs vary widely across a number of dimensions including size of the organization/destination, budget, target markets, and/or sophistication of the actual destination marketing systems. Accordingly, depending on the extent to which destinations vary across such characteristics, project goals and even mission statements may be similarly variable. When goals and missions vary, identifying a single objective metric that can accurately assess the performance of one DMO relative to another is no easy task. Notably, this problem is not unique to DMOs and is often an issue in the measurement of NPO performance in general. In order to solve this problem, scholars have advocated subjective measurements of NPO performance designed to reflect mission-specific goals (Liao, Foreman and Sargeant, 2000).

Although individual missions can vary widely across DMOs, each DMO does in fact have a mission (and a mission statement) that presumably reflects the strategic vision for the organization concerning its goals and its desired role within the community (Ford and Peeper, 2008). According to Ford and Peeper (2008), a DMO's mission identifies whom its customers are, what needs the DMO will meet, and how the organization will meet those needs. Across DMOs, the answers to the preceding questions will certainly vary. At an individual level,

however, each DMO's mission reflects the parameters of its destination and the context-specific goals that it is ultimately trying to achieve. Thus, the extent to which a DMO is successful in achieving its mission (whatever it may be) represents a performance metric common to all DMOs. Accordingly, assessing performance as a function of goal/mission achievement allows for a comparison of DMOs regardless of variance concerning size, structure, etc. As such, the present research conceptualizes DMO performance in terms of the extent to which a DMO consistently achieves its project-specific goals and makes progress towards its long-term goals, whatever these may be. Such a conceptualization mirrors the measurement of NPO effectiveness advocated by Liao et al. (2000) and operationalized by Modi and Mishra (2010).

### ***MSMO and DMO Performance***

As discussed previously, a market orientation is commonly associated with increases in firm performance. This finding has been supported via numerous empirical endeavors, as well as through meta-analyses conducted in both the for-profit (Cano et al., 2004; Grinstein, 2008; Kirca et al., 2005) and non-profit sectors (Cano et al., 2004; Shoham et al., 2006). In addition to the direct effect of MO on organizational performance, a number of mediating mechanisms inherent to this relationship have been identified including, innovation, relationship commitment, competitive superiority, and a number of others (see Liao et al., 2011). Kirca et al.'s (2005) meta-analysis synthesized these findings into a comprehensive model of the MO-performance relationship whereby the direct relationship between MO and performance is also partially mediated by MO's effect on innovation and, in turn, a customer loyalty/quality-performance relationship.



Interestingly, despite the numerous endeavors to identify the mediating factors inherent to the MO-performance relationship, previous research has not directly addressed the role of strategic asset development in this process. One potential cause of this gap in the literature is the aforementioned presumption that the limitations of the RBV framework render it incompatible with the prevailing research paradigm associated with the MO framework (Srivastava et al., 2001). However, previous research is not entirely bereft of evidence concerning the potential relationship between MO, strategic assets, and firm performance. Concerning customer-based assets, for example, Sittimalikorn and Hart (2004) found that levels of competitive superiority mediate the relationship between MO and firm performance. Their treatment of competitive superiority as a partial function of perceived product/service quality is similar to the above conceptualization of customer-based marketing assets. Additionally, as discussed above, customer loyalty, another reflection of customer-based marketing assets, is a widely recognized mediator of the MO-performance relationship (Kirca et al., 2005).

Concerning alliance-based marketing assets, MO has been identified as an antecedent to various types of relationally-based phenomena including dependence/satisfaction (Blesa and Bigne, 2005) and trust/commitment (Santos-Vijande, Sanzo-Pérez, Álvarez-González, and Vázquez-Casielles, 2005) that facilitate successful interorganizational relationships. Additionally, Kandemir, Yaprak, and Cavusgil (2006) identified the mediating role of alliance performance in the relationship between alliance orientation and firm performance. Though their research was concerned with alliance orientation (rather than market orientation), their conceptualization of alliance performance is similar to what the present research identifies as an alliance-based asset. As such, their framework provides support for the proposed RBV-based relationships between a firm's strategic orientation and its performance as mediated by the

development of market-based assets. Combined with the previous explication of RBV as the guiding framework for the conceptual linkages between MSMO and market-based assets, the above research suggests that the competitive advantages arising from the development of both customer- and alliance-based assets becomes manifest in the form of increased organizational performance.

To formally hypothesize this relationship, recall from the previous section that because MSMO is conceptualized as a reflection of the degree to which a DMO implements the marketing function across its stakeholder markets, such an orientation allows for assets to be developed that are unique to each stakeholder market. Additionally, an MSMO also facilitates a binding together of these assets resulting in enhanced levels of competitive advantage (Madhavaram and Hunt, 2007). As discussed above (i.e., Hypotheses 1-3), MSMO affects the development of customer-based, politically-based, and industry-based assets individually, while Hypotheses 4 and 5 respectively address the supplementary role of industry-based assets in the development of customer-based and politically-based assets.

Returning to Figure 1, I propose that when a DMO is successful in (1) bundling its base-level resources into a set of strategic assets via an MSMO and (2) these assets are mutually reinforcing, the resultant increase in competitive advantage yields a corresponding increase in performance. As such, it is the combination of MSMO and industry-based assets with (1) customer-based assets and (2) politically-based assets that ultimately leads to increases in organizational performance. I discuss each of these resource combinations as follows.

First, concerning the combination of MSMO, industry-based assets, and customer-based assets, recall that Hypothesis 4 suggests that when a destination's tourism industry is a strategic asset for the DMO, customer-based assets become an even stronger source of competitive

advantage. When combined with an MSMO, customer-based assets such as customer loyalty, repeat visitation, and increased brand awareness provide a DMO with an enhanced ability to attract and retain visitors relative to its competitors. Through MSMO, base-level resources are converted into (1) a customer-directed value proposition that serves as the basis for the development of customer-based assets and (2) an industry-based value proposition that serves as the basis for industry-based assets. Likewise, when industry-based assets subsequently contribute to the further development of customer-based assets, competitive advantage is further enhanced (Madhavaram and Hunt, 2007). The increased competitive advantage associated with this resource bundling, is proposed to positively affect a DMO's ability to achieve its goals relative to increasing the demand for its destination. Thus:

*Hypothesis 6: The availability of customer-based marketing assets is associated with increased levels of organizational performance.*

Similarly, Hypothesis 5 suggests that when a destination's tourism industry is developed as a strategic asset, politically-based assets are also enhanced as a source of competitive advantage. Recall that politically-based assets reflect political support for a destination's DMO. When a DMO is able to facilitate an environment of mutual collaboration among its industry stakeholders, it increases its social capital within its community in the form of political support for the DMO's mission (Murphy and Murphy, 2004). This support is manifested in the form of an enhanced ability to attract financial resources to a DMO's cause (Modi and Mishra, 2010). Thus, a DMO that can more successfully fulfill its role as an industry coordinator is likely to attract resources more effectively than a less successful competitor (Prideaux and Cooper, 2002).

Additionally, when combined with an MSMO, the supplementary effects of industry-based assets yield an increase in the potential for politically-based assets to generate a competitive advantage (Madhavaram and Hunt, 2007) by allowing a DMO to expand the scope of its marketing activity and to access new markets. For example, when politicians understand both the supply- and demand-level needs of their destination's travel market and its suppliers, a DMO can leverage politically-based assets to channel public money toward the enhancement of the destination's infrastructure in the form of more/better meeting space and/or the development of auxiliary facilities such as parks, sports facilities, etc. (Murphy and Murphy, 2004).

Returning to Figure 1, improvements to a destination's infrastructure become a part of a DMO's base-level resource accumulation (Dwyer et al., 2004). The DMO can then leverage these resources to enhance the destination's value proposition to potential visitors and even to access new markets (Crouch, 2011). To the extent that politically-based assets ensure adequate funding, enhance a DMO's value proposition, and provide access to new markets, the associated increase in competitive advantage is hypothesized to facilitate a corresponding increase in organizational performance. Thus:

*Hypothesis 7: The availability of politically-based marketing assets is associated with increased levels of organizational performance.*

#### **LITERATURE REVIEW SUMMARY**

In closing this section, I return to DMAI's 2008 survey of DMO executives (DMAIF and Karl Albrecht International, 2008). In addition to the previously discussed desire for their value proposition to be perceived in terms of building relationships among stakeholders, DMO executives acknowledged the importance of stakeholder marketing in several other important

ways. First, respondents indicated that one of the biggest changes in their jobs over the previous two years was the increasing importance of their role in developing strategic alliances and partnerships among their stakeholders. Second, they identified poor communication of the DMO's value proposition as one of the most important problems to be addressed in the next five years. Finally, when asked to complete the sentence: "DMOs could serve their stakeholders better by..." common answers included "becoming better at explaining the true value proposition to the community" and "becoming better/more credible communicators to customers, stakeholders, and partners."

The framework developed in this chapter suggests that one way to address these problems and achieve these goals is through the implementation of an MSMO. The adoption of such a posture by a DMO can potentially result in an enhanced organizational ability to communicate and implement its value proposition across the stakeholder spectrum. Additionally, because MSMO reflects an orientation to all salient stakeholders for the purposes of creating what Lusch and Webster (2011) call "total value", the result of such an orientation is the development of a rare, non-transferable, and largely inimitable (Barney, 1991) set of strategic marketing assets that can be deployed for the creation of sustainable competitive advantage (Srivastava et al., 2001).

## CHAPTER III: METHODS

In this chapter, I discuss the methods used to test the hypotheses developed in Chapter II. Additionally, because neither MSMO nor the constructs proposed within its nomology have previously been operationalized within the context of destination marketing, I also describe the processes used to develop an operational definition for these constructs. As discussed above, I follow Churchill's (1979) method for construct development. After outlining the construct development process in detail, I discuss the methods used to collect the data used to test the hypotheses developed in the preceding chapter.

### MEASUREMENT

To test the hypotheses advanced in Chapter II, five constructs were developed including the multi-dimensional MSMO. According to Churchill (1979), the first step in the process for developing marketing constructs is specification of a construct's domain. This is typically accomplished via an in-depth review of the literature for the purposes of defining the construct of interest. In addition to specifying the domain of a proposed construct, Churchill also mandates that researchers "have good reasons for proposing additional *new* measures given the many available for most marketing constructs of interest" (p. 67). Having satisfied this mandate in the previous chapter, the remaining steps in Churchill's scale development process are discussed as follows.

#### *Generation of Sample Items*

The second step in the construct development process is the generation of a sample of items reflective of the phenomenon in question as specified by its theoretical domain and

corresponding conceptual definition. Churchill (1979) provides several examples of productive techniques for generating items including discussion groups, expert interviews, and reviews of academic and practitioner literature. All of these techniques were employed in the operational explication of MSMO, market-based assets, and DMO performance. Table 1 provides a description of the techniques used for item generation.

Because the customer and competitor orientation dimensions of MSMO overlap substantially with the domain of MO, measurement items from both the MARKOR (Jaworski and Kohli, 1993) and the MKTOR scale (Narver and Slater, 1990) were reviewed as a starting point for the operationalization of a group travel orientation (GTO), an independent customer orientation (ICO), and a competitor orientation (CMO). The initial development of items reflecting both an industry stakeholder orientation (ISO) and political stakeholder orientation (PSO) were drawn from previous operationalizations of NPO market orientation (Modi and Mishra, 2010; Shoham et al., 2006). Items reflecting DMO performance were drawn from the same two studies. Finally, items reflective of customer- and alliance-based assets were drawn from Greenley et al.'s (2005) operational classification of marketing assets. In all cases, items were reviewed for face validity as well as the degree to which their overall structure was methodologically sound (i.e., no double-barreled questions, ambiguous wording, etc.). The initially generated list of items was then modified according to the process outlined in Table 1.

Because changes were made to the running list of items reviewed in each successive step, the wording of items in the final list was often quite different from the original source. However, each time a modification was made, the new item was reviewed to ensure that it still tapped the appropriate conceptual domain. For example, the first item reflective of a customer orientation in

**Table 1**  
**Domain Specification and Item Generation**

<b>Technique</b>	<b>Description</b>	<b>Date</b>	<b>Outcome</b>
Literature review: Academic	Numerous scholarly articles (n>110) reviewed in the fields of marketing, strategy, management, and tourism	Mar., 2011 - present	Domain specification
Literature review: Trade and Industry	Numerous industry handbooks reviewed including: DMAI Advocacy Toolkit; 2008 DMAI survey of DMO CEOs; DMAI standard Performance Reporting Handbook; Yearly profile reports of DMOs	Mar., 2011 - present	Domain specification
Review of existing scales	Items from existing scales reviewed for face validity within the context of specified domains. When necessary, existing items were adapted so as to reflect each construct as specified.	Sept. - Oct., 2011	Item generation
Discussion group	One marketing professor and four Ph.D. candidates reviewed the initial list of items for face validity, structure, and relevance to specified domain.	Oct., 2011	Items revised; Items added
Discussion group	New list reviewed based on input from first discussion group and additional review of literature.	Oct., 2011	Items revised
Expert interview	First depth interview conducted with a destination marketing professional (25 years experience).	Nov., 2011	Items revised; Items added
Expert review of items	List of items compiled into survey form: Two destination marketing professionals at the 2011 NTA conference were asked to take this survey and provide verbal interpretations of the items as they responded.	Dec., 2011	Items revised; Items added
Discussion group	Survey modified based on expert feedback and resubmitted to focus group.	Dec., 2011	Items revised
Expert interviews	Conducted per process outlined in body of text.	Mar. - May, 2012	Items revised; Items added
Pretest	Internet survey consisting of all generated items. Posted in three DMAI discussion board forums (n=27).	July, 2012	Items revised; Items deleted



the MKTOR scale reads as follows: “Customer satisfaction is systematically and frequently assessed” (Likert scale). In addition to being double-barreled, this item cannot discriminate between a DMO’s group and independent customers. As such, this item was modified to eliminate ambiguity and split into two different items, each pertaining to a specific customer group as follows: “Our organization regularly assesses the post-visit satisfaction of organized groups that visit our destination” and “Our organization regularly assesses the post-visit satisfaction of our destination’s independent visitors.”

As a second example, DMO executives taking an early version of the survey at the 2011 National Tour Association (NTA) conference in Las Vegas indicated some confusion regarding the statement “Competitive strategies are based on understanding customer needs” (originally in MARKOR). Based on their input, this statement was split into two items (i.e., two for each customer group for a total of four): “Our organization understands the tourism needs of the organized groups [independent visitors] that visit our destination” and “Our strategic objectives are designed to ensure that our destination meets the needs of the organized groups [independent visitors] that come here.” While by no means comprehensive, the previous examples are indicative of the item generation/modification process *in toto*.

### ***Field Interviews***

A particularly important part of the item generation phase of this research were the insights generated from conducting interviews with experts in the field of destination marketing. Though outlined briefly above, this element of the construct development process warrants further discussion. In order to ensure that items generated to measure the aforementioned latent constructs were relevant to the practice of destination marketing (Lindell and Whitney, 2001),

interviews were conducted with DMO managers and executives in a southeastern U.S. state for which tourism is recognized as the second largest revenue producing industry. In all cases, the researcher traveled to each participant's office and conducted the interview in person. All interviews were recorded after obtaining informed consent from the participant. Additionally, all participants were offered a \$10 Starbucks gift card in return for their assistance in the research.

The interviews were semi-structured and were conducted in the tradition of the long interview (McCracken, 1988) (a sample interview guide is provided in Appendix A). When applicable, grand tour interview techniques were also employed. Asking grand tour questions is an interview technique that involves requesting an interviewee to describe in detail either a typical or specific event, activity, task, etc. (Spradley, 1979). Throughout the interview process, responses to grand tour questions such as "Can you lead me through a typical work day?" or "Will you tell me what you did yesterday, from the time you arrived to your office until the time you left?" provided valuable insight into various aspects of the destination marketing process.

Participants (and interview content) were selected in accordance with the tenets of theoretical sampling (Glaser, 1978) so as to ensure a sufficiently broad representation of the phenomena inherent to the proposed nomology. I began by interviewing two DMO directors from the same geographic region. In one interview, the discussion led to the introduction of a sales manager as a second participant. The data collected in these interviews suggested the need for further interviews. Thus, in accordance with the tenets of theoretical sampling, a third interview was conducted with the executive of the regional DMO that promotes the region from which the first two DMOs belong. Additionally, so as not to bias the eventual results by collecting data from only one region, two final interviews were conducted with DMO executives from destinations outside of the initially sampled geographic region. Table 2 provides a summary

of interview participants (by pseudonym) along with relevant information pertaining to their respective organizations and destinations.

Interview data were transcribed and subsequently analyzed to identify recurring themes related to each construct in the model (Strauss and Corbin, 1998). The data were then used to further modify the previously generated list of items for each construct as discussed above. Additionally, interview data were reviewed to determine the extent to which new items would need to be added to each scale so as to sufficiently cover the respective conceptual domains of each construct. This process is exemplified in the following account concerning the operationalization of politically-based assets: While Greenley et al. (2005) was a logical starting point for generating items reflective of customer- and alliance-based marketing assets, many of Greenley et al.'s (2005) original items were not contextually valid to the domain of destination marketing. Their operationalization of alliance-based assets, for example, includes items measuring “access to strategic partner’s managerial know-how and expertise” and “shared technology”, neither of which appropriately reflect the domain of politically-based assets in the field of destination

**Table 2**  
**Profile of Interviewees**

<b>Name</b>	<b>Position</b>	<b>Years Exp.</b>	<b>Org. Type</b>	<b>No. of Staff</b>	<b>Group Travel Importance</b>
Beth	Director	18	City	4	High
Jim	Director	26	City	8	High
Lisa	Sales Manager	8	City	8	High
Cara	Director	23	Regional	1	High
Lenny	Director	33	City	23	Low
Susan	Director	11	County	2	Low

marketing. Because the existing items were deemed theoretically irrelevant, it became necessary to develop new items appropriate to the domain of destination marketing. However, such items had to be crafted in such a way as to remain consistent with the previously discussed conceptual domain of market-based assets in general and alliance-based assets in particular.

Analysis of field interview data allowed for such items to be generated. Continuing with the above example, a recurrent theme throughout the field interviews was the importance of facilitating relationships with key stakeholders. Although maintaining relationships with all stakeholders was commonly acknowledged as an essential part of destination marketing, all respondents talked about the special importance of communicating value to their political stakeholders. A review of events associated with this theme showed that favorable relationships between a DMO and community leadership were often associated with appreciation for the DMO's contribution to the economy (Jim, Cara, Susan); enhanced abilities to solve problems for key customers (especially large groups) (Beth, Lenny); and funding stability (Jim, Susan, Beth, Cara). These events were then assigned dimensional ranges (Strauss and Corbin, 1998) and developed into measurement items reflective of politically-based assets. The final list of potential items reflective of each construct can be seen in Appendix B.

### ***Pretest***

The next step in the construct development process is to reduce (or purify) the list of items generated in the previous step via a pretest of the questionnaire on a subset of the intended population from which the final sample will be taken (Churchill, 1979). In order to pilot test the measures, a survey was posted in three discussion forums (the Marketing Forum, the Research Forum, and the General Topics Forum) on the website of the main trade organization for the

destination marketing industry, Destination Marketing Association International (DMAI). Following the process outlined by Dillman, Smyth, and Christian (2009), the opportunity to complete the survey was posted three times with two week intervals between postings. As an incentive to complete the survey, respondents were given the opportunity to enter into a drawing to win a \$200 Visa gift card. A total of 27 complete responses were submitted.

The pretest data were used to assess the internal consistency of the measurement items and to test the factor structure of each latent construct. Internal consistency (i.e., reliability) was measured via an assessment of Cronbach's alpha ( $\alpha$ ), which measures how well a set of generated items reflects a construct's domain (Peter, 1979). For the multidimensional MSMO, individual reliabilities were calculated for each first-order factor. For this type of research, where no construct has received prior operational specification, an alpha of .70 or higher is desirable while an alpha of .60 or higher is considered sufficient (Nunnally, 1967). The reliability of individual measurement items was tested via an examination of the change in alpha when each item was deleted. Items causing alpha to drop below .7 were reviewed for face validity and, if deemed outside of the construct's domain, were not included in the final measurement instrument. All first-order constructs met the .7 cutoff criteria.

Upon establishing internal consistency for each construct, factor analyses were conducted in order to test the factor structure for each level of the model (i.e., MSMO, market-based assets, and performance). Items reflective of each dimension of MSMO were analyzed via a principal components analysis (PCA) with varimax rotation. Initially, the PCA was conducted without specifying the number of dimensions (Hair, Black, Babin, Anderson, and Tatham, 2006). Analysis of the eigenvalues and the resulting scree plot suggested a five-factor structure with 65% of variance explained. Using this information, a second PCA was conducted specifying a

five-factor solution. The results of this analysis were used to further reduce the scale items for each dimension of MSMO. Items loading onto multiple factors were deleted, as were items that loaded heavily onto constructs outside of their specified domain. The resulting PCA for the five dimensions of MSMO can be seen in Table 3.

The same process was used to purify the measurement items for each of the other variables in the model. For each first-order variable, reliability analyses were conducted followed by a PCA with varimax rotation. The results of these analyses can be seen in Tables 4-5. The items in Tables 3-5 were then compiled into a new survey instrument for the final stage of data collection (See Appendix C).

### **COLLECTING NEW DATA**

Following measure purification, the remaining steps in Churchill's (1979) process for developing better measurements of marketing phenomena are to collect a new set of data with the purified measures, reassess coefficient alpha, and then assess criterion validity. As follows, I discuss how the final data set was collected in accordance with Churchill's methods. Then, in Chapter IV, a detailed account of the analysis of these data is provided.

#### ***Data Collection***

Like the data collected for the pretest, the data used for hypothesis testing were collected from a sample of destination marketing executives and managers. However, unlike the pretest, data used for hypothesis testing were collected via a mail survey following the proscriptions of Dillman et al. (2009). The items developed in the previous section were organized into a hard-copy survey (see Appendix C), and mailed to sample of 600 DMO executives in 28 randomly

**Table 3**  
**Pretest Measurement Scale Properties: MSMO**

Constructs and Indicators	Component				
	1	2	3	4	5
<i>Individual Customer Orientation (ICO) (<math>\alpha = .92</math>)</i>					
(ICO2) Understanding the needs of the independent travel market is an important part of our organization's strategic planning process.	<b>0.90</b>	0.03	0.11	0.02	-0.15
(ICO6) Our organization is slow to detect changes in the needs of the independent travel market.	<b>0.83</b>	0.10	0.04	0.15	0.23
(ICO11) Our organization works with the local tourism industry to understand our independent visitors' needs.	<b>0.81</b>	0.09	0.13	0.10	0.30
(ICO4) Our organization understands the tourism-related needs of the independent travelers that visit our destination.	<b>0.78</b>	0.18	-0.04	0.04	0.31
(ICO7) Our organization is slow to detect fundamental shifts in the market for independent travel.	<b>0.78</b>	0.28	-0.03	0.02	0.24
(ICO13) Our organization shares relevant information about the independent travel market with the local tourism industry.	<b>0.75</b>	0.19	0.02	-0.05	-0.30
(ICO5) Our strategic objectives are designed to ensure that our destination meets the tourism-related needs of the independent travelers that come here.	<b>0.73</b>	-0.15	0.06	-0.13	-0.29
(ICO14) Our organization shares relevant information about the independent travel market with the politicians responsible for funding our DMO.	<b>0.73</b>	0.10	0.23	-0.11	-0.25
(ICO10) Our organization monitors the local tourism industry's commitment to serving the needs of our independent visitors.	<b>0.71</b>	0.22	0.20	0.24	0.29
<i>Group Travel Orientation (GTO) (<math>\alpha = .88</math>)</i>					
(GTO1) Our organization conducts (or sponsors) research to identify the reasons that organized groups visit our destination.	-0.05	<b>0.91</b>	0.12	0.19	0.05
(GTO9) Our organization conducts (or sponsors) research to identify new opportunities for attracting organized groups to our destination.	-0.06	<b>0.84</b>	-0.12	0.04	0.18
GTO4) Our organization understands the tourism needs of the organized groups that visit our destination.	0.19	<b>0.73</b>	0.37	-0.04	0.13

**Table 3 Continued**

<b>Constructs and Indicators</b>	<b>Component</b>				
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
(GTO3) Our marketing activities target specific segments of the group travel market.	0.29	<b>0.68</b>	0.15	0.03	-0.05
(GTO2) Understanding the needs of the group-travel market is an important part of our organization's strategic planning process.	0.05	<b>0.66</b>	-0.09	0.42	-0.08
(GTO14) Our organization shares relevant information about the group travel market with the politicians responsible for funding our organization.	0.21	<b>0.66</b>	0.24	0.06	0.17
(GTO13) Our organization shares relevant information about the group travel market with the local tourism industry.	0.25	<b>0.66</b>	0.11	-0.02	0.23
<i>Political Stakeholder Orientation (PSO)(<math>\alpha = .88</math>)</i>					
(PSO1) Our managers understand local politicians' expectations of our organization.	0.27	0.05	<b>0.86</b>	0.04	0.17
(PSO2) Our non-management employees understand local politicians' expectations of our organization.	0.15	-0.11	<b>0.80</b>	-0.03	0.00
(PSO3) Our organization actively seeks feedback on our marketing activities from local politicians.	0.23	0.23	<b>0.77</b>	-0.18	0.16
(PSO14) Our organization facilitates the flow of relevant information from our local government to the local tourism industry.	0.11	0.12	<b>0.72</b>	0.12	-0.20
(PSO6) Our organization appreciates input from local politicians when setting strategic objectives.	-0.14	0.14	<b>0.69</b>	0.14	0.21
(PSO13) Our organization communicates the local political leadership's position regarding the role of tourism in our community to our industry stakeholders.	-0.18	0.10	<b>0.66</b>	0.15	0.01
(PSO15) Our organization tries to ensure that our tourism industry stakeholders understand our community's long-term economic goals.	0.38	0.22	<b>0.65</b>	0.29	0.17
<i>Industry Stakeholder Orientation (ISO)(<math>\alpha = .85</math>)</i>					
(ISO6) Our organization appreciates input from the local lodging industry when setting strategic objectives.	-0.04	-0.10	0.12	<b>0.84</b>	0.05



**Table 3 Continued**

<b>Constructs and Indicators</b>	<b>Component</b>				
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
(ISO4) Meeting with representatives of the local lodging industry to discuss our organization's strategy is an effective use of our managers' time.	-0.02	0.08	0.03	<b>0.78</b>	-0.10
(ISO11) Our organization seeks input from the local lodging industry when setting strategic objectives.	-0.14	0.00	0.21	<b>0.74</b>	0.24
(ISO5) Our strategic objectives are designed to maximize the success of the local lodging industry.	0.14	0.14	0.09	<b>0.72</b>	0.26
(ISO3) Our organization actively seeks feedback about our marketing activities from the local lodging industry.	0.17	0.27	0.18	<b>0.68</b>	0.05
(ISO1) Our managers understand the local lodging industry's expectations of our organization.	0.08	0.47	0.05	<b>0.67</b>	-0.18
(ISO10) Our managers meet with representatives from the local lodging industry to discuss marketing strategy.	0.05	-0.05	-0.21	<b>0.64</b>	0.24
<i>Competitor Orientation (CMO)(<math>\alpha = .70</math>)</i>					
(CMO5) Our marketing strategy is designed to exploit our competitors' weaknesses.	-0.08	0.09	-0.05	0.03	<b>0.76</b>
(CMO8) Our managers regularly meet to discuss competitors' strengths and weaknesses.	-0.09	0.17	0.11	0.20	<b>0.72</b>
(CMO9) Employees with different responsibilities share information about our competitors with each other.	0.32	-0.07	0.17	0.10	<b>0.61</b>
(CMO7) Our organization is slow in reacting to changes in our competitors' strategies.	0.14	0.27	0.15	0.09	<b>0.57</b>

**Table 4**  
**Pretest Measurement Scale Properties: Market-Based Assets**

Constructs and Indicators	Component		
	1	2	3
<i>Politically-Based Assets (<math>\alpha = .87</math>)</i>			
(PBA1) Our organization receives the funding we need to carry out our stated mission.	<b>0.85</b>	-0.19	0.16
(PBA7) The local government understands the importance of tourism to our local economy.	<b>0.78</b>	0.42	0.08
(PBA6) Funding our organization is a priority for our politicians.	<b>0.78</b>	0.24	0.02
(PBA2) Our organization is appropriately funded given the contribution we make to the local economy.	<b>0.75</b>	-0.10	0.06
(PBA3) The local government consistently makes cuts to the amount of financial resources allocated to our organization.	<b>0.71</b>	-0.40	0.35
(PBA5) The local government appreciates our organization's contribution to the local economy.	<b>0.69</b>	0.37	0.15
(PBA8) The relationships our organization has with our local policymakers are a valuable strategic asset.	<b>0.56</b>	0.45	0.05
(PBA9) Our local government considers the impact that new legislation may have on our organization's ability to achieve its mission.	<b>0.56</b>	0.53	-0.02
<i>Industry-Based Assets (<math>\alpha = .78</math>)</i>			
(IBA4) Businesses in our destination cooperate with each other to access new markets.	-0.10	<b>0.76</b>	-0.07
(IBA7) Tourism businesses in our destination share a commitment to providing quality customer service.	0.22	<b>0.74</b>	0.06
(IBA6) The local tourism industry pressures the local government to financially support our organization.	-0.06	<b>0.67</b>	-0.09
(IBA5) Businesses in our destination share a common vision for our destination.	0.31	<b>0.63</b>	0.09
(IBA8) It is difficult to get local tourism businesses to understand the value of cooperating with each other.	0.16	<b>0.60</b>	0.09
(IBA2) Local tourism businesses share their market research with each other.	0.04	<b>0.59</b>	0.23
(IBA1) The local tourism industry appreciates our organization's contribution to the local economy.	-0.02	<b>0.36</b>	0.28

**Table 4 Continued**

<b>Constructs and Indicators</b>	<b>Component</b>		
	<b>1</b>	<b>2</b>	<b>3</b>
<i>Customer-Based Assets (<math>\alpha = .82</math>)</i>			
(CBA3) Our destination's brand is an important part of the reason that independent travelers come to our area.	-0.01	0.17	<b>0.85</b>
(CBA5) Independent visitors are loyal to our destination.	0.09	-0.18	<b>0.78</b>
(CBA4) Our community is a well-established tourism destination.	0.24	0.00	<b>0.72</b>
(CBA10) Upon visiting our destination, independent visitors are likely to revisit our destination in the future.	0.10	-0.08	<b>0.70</b>
(CBA2) Our destination's brand is an important part of the reason that organized groups come to our area.	0.05	0.40	<b>0.63</b>
(CBA1) Our destination has a distinct brand image.	0.08	0.31	<b>0.61</b>

**Table 5**  
**Pretest Measurement Scale Properties: Performance**

<b>Constructs and Indicators</b>	<b>Component</b>	
	<b>1</b>	<b>2</b>
<i>Relative to Strategic Plans (PERF_1) (<math>\alpha = .87</math>)</i>		
(PERF1) In achieving its short-term goals for your community?	0.47	<b>0.79</b>
(PERF2) In making progress toward the achievement of its long-term goals for your community?	0.14	<b>0.85</b>
(PERF3) In meeting the expectations of the local tourism industry?	0.34	<b>0.62</b>
(PERF4) In meeting the expectations of your community's leadership?	0.48	<b>0.69</b>
(PERF5) In achieving its intended economic impact?	0.29	<b>0.71</b>
<i>Relative to Competitors (PERF_2) (<math>\alpha = .96</math>)</i>		
(PERF6) In achieving its short-term goals for your community?	<b>0.86</b>	0.30
(PERF7) In making progress toward the achievement of its long-term goals for your community?	<b>0.60</b>	0.58
(PERF8) In meeting the expectations of the local tourism industry?	<b>0.91</b>	0.28
(PERF9) In meeting the expectations of your community's leadership?	<b>0.90</b>	0.36
(PERF10) In achieving its intended economic impact?	<b>0.87</b>	0.44

selected U.S. states along with a self-addressed, postage-paid return envelope. Because the unit of analysis for this research is the organization, only one respondent per organization was asked to complete the survey. As an incentive to complete the survey, a newly minted \$1 gold coin was affixed to the cover letter explaining the survey process (see Appendix D). Additionally, participants were given the option to request an executive summary of the findings. A total of 106 surveys were returned in the two weeks following the initial mailing (17.7% response rate).

Per the Tailored Design Method (Dillman et al., 2009), the initial mailing was followed by two subsequent mailings. Two weeks after the first survey was mailed, a follow-up postcard (see Appendix E) was sent to non-respondents reminding them of the opportunity to participate in the research and advising them that another copy of the survey would be mailed to them in

two weeks time. In response to the postcard mailing, another 54 responses were received. Two weeks after the postcard was sent, a second copy of the survey and a modified cover letter were mailed to the remaining non-respondents. The new cover letter indicated that no future mailings would be received. In the four weeks following the final mailing, 62 responses were received bringing the respondent total to 222 (for an overall response rate of 37.0%). Information pertaining to the respondents and their organizations can be seen in Table 6.

### ***Common Method Biases***

Throughout the scale development and data collection processes, care was taken to minimize the potential effects of measurement error attributable to the methodology and not the true participant scores of the latent phenomena under investigation. Fortunately, although methodologically related biases are a common source of measurement error, variance attributable to such biases (i.e., common method variance) can be minimized to the extent that data collection methods are appropriately designed (Lindell and Whitney, 2001; Podsakoff, MacKenzie, Lee, and Podsakoff, 2003). As follows, I discuss the most likely sources of method bias inherent to the aforementioned research design and the procedural techniques used to minimize their potential measurement effects.

First, several techniques were employed to minimize common rater effects. Common rater effects refer to artificial covariances resulting when the same respondent provides measurements of the predictor and outcome variables. Likely causes of common rater effects are transient mood states and acquiescence bias (Podsakoff et al., 2003). Keeping the survey length to a minimum can reduce the effects of transient mood states. Thus, the survey was tested to

**Table 6**  
**Organizational/Respondent Information**

<b>Characteristic</b>	<b>n</b>	<b>%</b>
<b><i>Destination description</i></b>		
Single city	73	33.0
All cities in a single county	89	40.3
Selected cities in a single county	23	10.4
A multiple county region	33	14.9
No response	4	1.8
<b><i>Total number of other non-regional DMOs in county</i></b>		
0	134	60.6
1	30	13.6
2	14	6.3
3	12	5.4
4-8	10	4.5
9 or more	8	3.6
No response	14	6.3
<b><i>Business models/governance structures</i></b>		
Government body	55	24.9
Government/private co-venture	37	16.7
Government funding plus paying members	63	28.5
Member supported with no government funds	11	5.0
Other	50	22.6
No response	6	2.7
<b><i>Full-time employees</i></b>		
0-5	114	51.6
6-10	47	21.3
11-15	19	8.6
16-20	9	4.1
21-25	6	2.7
26-30	6	2.7
31-35	0	0.0
36 or more	13	5.9
No Response	8	3.6
<b><i>Respondent role in DMO</i></b>		
CEO/President/ Executive Director	174	78.7
Other	41	18.6
No Response	7	3.1

***State Breakdown: AL-5, FL-2, GA-12, MN-8, MO-9, MS-5, MT-4, NC-13, ND-5, NE-3, NJ-1, NM-1, NV-3, NY-7, OH-21, OK-7, OR-22, PA-18, SC-4, SD-3, TN-11, TX-25, UT-1, VA-12, WA-1, WI-8, WV-10, WY-1***

ensure an average completion time of less than 15 minutes. Likewise, acquiescence was addressed by inserting reverse coded items into the survey to ensure that respondents would not simply revert to “agreeing” with questions before carefully reading item content (Dillman et al., 2009; Lindell and Whitney, 2001; Podsakoff et al., 2003).

Second, care was taken to reduce biases resulting from specific properties of the items themselves. Most importantly, each item was carefully constructed based on the content of the expert interviews discussed in the previous section. This process helps to ensure that the content of each item is (1) presented in an unambiguous manner and (2) expressed in terminology appropriate to the population of interest (Lindell and Whiney, 2001). Additionally, each section of the questionnaire began with an identification of key terms relevant to each item block (see Appendix C). Providing definitions of key terms helps to further achieve a maximum level of item comprehension on behalf of the respondent (Lindell and Whiney, 2001).

Another important potential source of item characteristic variance results from social desirability bias. Because the present research is concerned with organizational performance, it is essential to assess the extent to which the predictor variable, DMO performance, is affected by the tendency of respondents to over-report the performance of their organizations. In order to account for this type of measurement bias, two methods were used to assess performance. First, respondents were asked to provide two subjective measurements of organizational performance (i.e., performance relative to competitors and performance relative to strategic plans). Both measurements were anchored within the context of the previous three years. These measurements of performance were then compared with an objective measurement of performance obtained from Smith Travel Research for each destination. The correlation of the objective performance data with the subjective data is reported in the following chapter.

Another source of bias results from the possibility that the context in which an item is presented may generate artifactual covariance due to some relationship with other contextually relevant items (i.e., items in the same scale). Two techniques were used to minimize item context effects. First, the number of scale points measuring each item was held constant across scale types. This prevents respondents from having to adjust their scaling schema across inconsistent inter-item scale intervals. Second, while items from similar constructs were generally presented in groups, items were occasionally intermixed between groups to ensure that inter- and intra-construct correlations were not artificially affected due to item placement (Podsakoff et al., 2003).

Similar to the above account of item context effects, attempts were made to ensure that measurement context effects would not unduly influence inter-item variation. The reduction of measurement context effects involves various forms of “separation” regarding the measurements of the predictor and criterion variables. Although the best method for dealing with this type of potential bias is to obtain measurements from different sources (Podsakoff et al., 2003), the research design prohibited the use of this technique. Fortunately, however, both Podsakoff et al. (2003) and Lindell and Whitney (2001) suggest that separating the respective measurement of each variable group within the survey instrument can minimize measurement context effects. The use of different scaling techniques can also facilitate the same type of bias reduction. Thus, measurement of the criterion variables was assessed in a separate section of the survey and with a different scaling method. Concerning the scaling techniques, all predictor variables were measured on 7-point Likert scales whereas the criterion variables (i.e., both subjective measurements of performance) employed summated rating scales anchored by “more successful” and “less successful.”



A final source of potential bias inherent to all forms of sample-based data collection is attributable to the possibility that those who respond to a survey are significantly different than those who do not respond. Thus, before the results of sample-based data analysis can be generalized to a sample population, it is first necessary to test for incidences of non-response bias. The best way to test for non-response bias is to collect data from non-respondents and then to compare their responses with the initially collected data (Armstrong and Overton, 1977). Unfortunately, the costs associated with collecting enough data to compare true non-respondents with the 222 responding DMOs precluded the use of this method.

Fortunately, because it is often the case that costs and/or research design prohibit the collection of data from true non-respondents (Armstrong and Overton, 1977), it is possible to estimate nonresponse bias when data from a single sample are collected in multiple rounds. Research suggests that late round respondents are not significantly different than those who do not respond at all (Armstrong and Overton, 1977; Ferber, 1949; Pace, 1939). Thus, by testing for significant differences in the responses of early participants and late participants, it is possible to obtain an estimate of the error introduced due to non-response bias (Armstrong and Overton, 1977).

With the a priori knowledge that the research design would prevent an assessment of true non-response error, the data collection process was designed so that an estimate of non-response bias could be obtained. Each time a survey was returned, the corresponding entry in the codebook was immediately coded relative to the corresponding data collection round (i.e., each response was coded as either a one, a two, or a three). These groups were then used to conduct a series of independent sample t-tests to determine the extent to which the means of early

respondents were significantly different than those of the later respondents. These tests were conducted for all observed variables.

With respect to the three respondent groups, all pairwise comparisons were analyzed. First, response group one was compared with response group two. Finding no significant difference between these two groups ( $p > .05$ ), response group two was then compared with response group three. Again, no significant differences were identified in the mean structure between the two respondent groups ( $p > .05$ ). Finally, response group one was compared with response group three (a between group response lag of one month). The differences between these two groups were also insignificant across all variable comparisons ( $p > .05$ ). The failure to identify significant differences across the respondent categories suggests that the incidence of non-response bias inherent in the data collection process was minimized.

#### **METHODS SUMMARY**

In this chapter, a detailed account was provided of the methods used for both construct development and data collection. The construct development process involved qualitative field interviews, expert discussion groups, literature review, and a pretest. Upon establishing preliminary evidence of the reliability and validity of the measurements, a survey was created and mailed to a sample of destination marketing managers across the United States. Of the 600 participants solicited, 222 completed responses were returned. In the following chapter, these data are analyzed *vis-à-vis* the propositions and hypotheses put forth in Chapter II.

## **CHAPTER IV: ANALYSES AND RESULTS**

In this chapter, I deliver a thorough explanation of the final steps of the construct development process detailed in the previous chapters followed by an account of the methods used to test the hypothesized relationships among these constructs. I first provide an account of the analyses conducted to confirm the psychometric properties of the newly developed constructs. In this step, individual confirmatory factor analyses were conducted for each first-order construct, providing preliminary evidence of convergent validity. After the first-order tests, the orientation-based constructs were specified as first-order factors of the multidimensional, second-order MSMO construct. The results of these analyses confirm the propositions put forth regarding the dimensional structure of MSMO. Next, a measurement model was specified to test the construct validity of the full model. The chapter concludes with the analysis of the structural model designed to test the hypotheses developed in Chapter II.

### **FACTOR STRUCTURE**

The data collected in the final sample were submitted to checks of both reliability and construct validity. Reliability was assessed by calculating Cronbach's alpha ( $\alpha$ ). Upon establishing internal consistency of the measures, confirmatory factor analyses (CFAs) were conducted in order to verify the factor structure of each construct and check for criterion (i.e., convergent and discriminant) validity.

In the first step of the analysis, all first-order constructs were subjected to individual confirmatory factor analyses, including each dimension of MSMO. All CFAs were analyzed to ensure that the path coefficient from each observed item to its proposed latent construct was significant at the .05 level (Kline, 2005) and that fit statistics for the model itself were

acceptable. Although there are a large variety of fit statistics from which to choose, I follow Kline's (2005) convention of beginning with an assessment of the normed chi-square, RMSEA, and CFI. Additionally, the Tucker-Lewis Index (TLI) was assessed as a comparative measurement of fit to correct for model complexity. These four indices, when combined, are representative of the different categories of fit statistics and thus provide a solid assessment of fit. Descriptions of each index and recommended cut off values can be seen in Table 7. With respect to these indices, it is important to note that because no single fit measure is absolute, model fit cannot be determined by the results of a single index. Thus, all subsequent assessments of model fit are determined via a holistic analysis of the indices identified above.

The specification of individual factor analyses served as the final step of scale purification in the construct development process. For each first-order construct, an initial CFA was conducted with all measurement items specified as reflective indicators of the construct

**Table 7**  
**Cut-off Criteria for Model Evaluations**

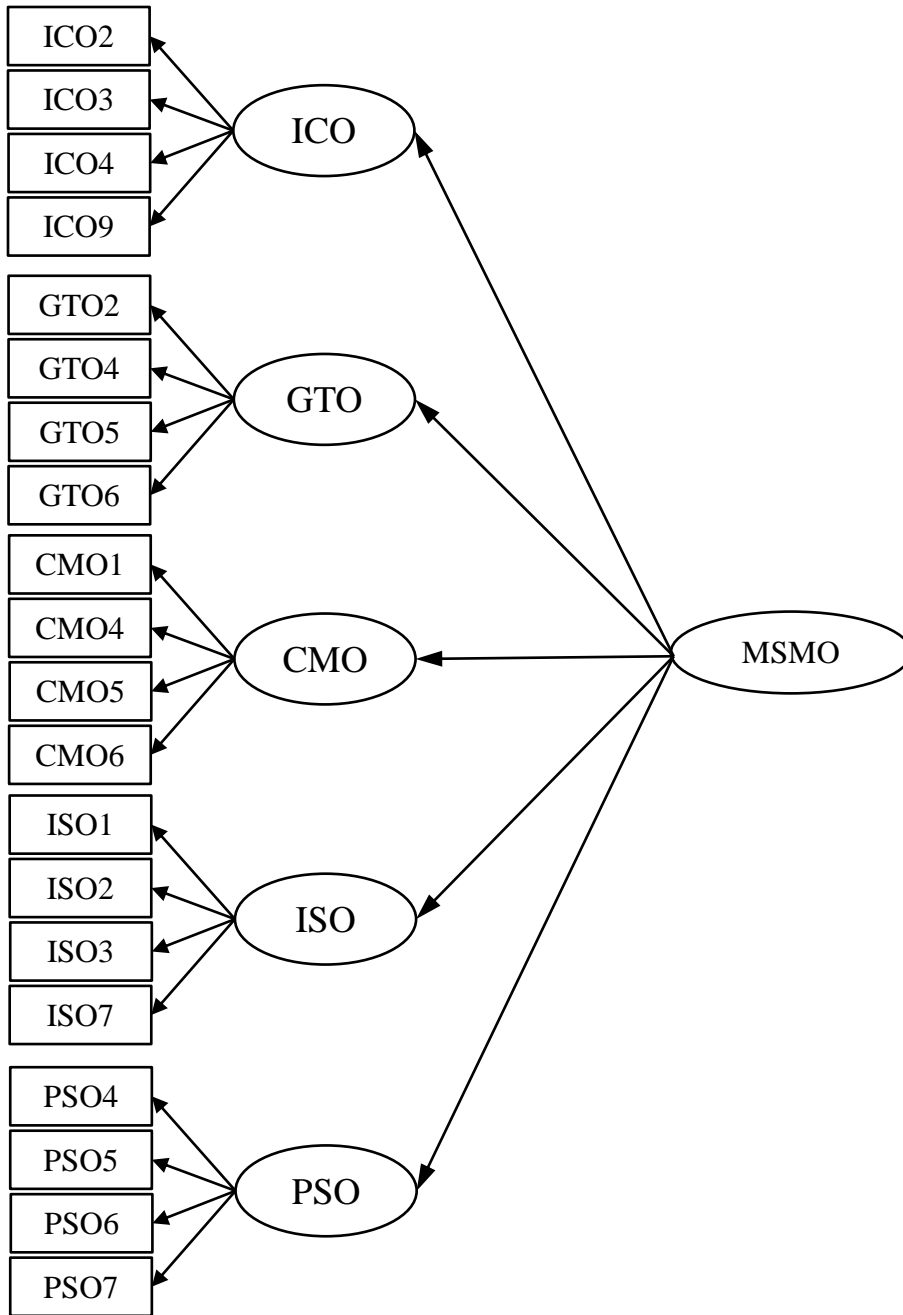
<b>Fit Index</b>	<b>Description</b>	<b>Cutoff</b>	<b>Source</b>
Normed $X^2$	Absolute Index: Adjustment to model $X^2$ (model $X^2/df$ ); Reduces sensitivity to sample size (SS)	Ratio of 3 or less = good fit	Kline (2005)
RMSEA	Parsimony Adjusted Index: Minimal SS effects; Penalizes for lack of parsimony	$\leq .05$ = good fit; $< .08$ = reasonable fit $> .1$ = poor fit	Browne and Cudek (1993)
CFI	Comparative Index: Based on noncentral chi-square. Minimal SS effects	$> .9$ = good fit	Bentler (1990)
TLI (NNFI)	Comparative Index: Like CFI, but does not make chi-square assumption. Sensitive to small SS; Does not reflect parsimony	$> .9$ = acceptable; $> .95$ = good fit	Bentler and Bonnett (1980)

under review. Based on the overall fit, standardized regression estimates, and the modification indices, items were deleted from each specification in a stepwise manner to identify the effect of the omitted items on the fit of the model. Each time an item was deleted, a chi-square difference test was conducted to assess changes in model fit resulting from the inclusion/omission of that item. When the deletion of an item resulted in a significant increase in model fit, the better fitting model was adopted, and the omitted item was not included in subsequent analyses. Items omitted from analysis are identified in Appendix B.

For the multidimensional MSMO, this process was followed for each first-order dimension resulting in the identification of four observed indicators for each of the five first-order dimensions reflective of MSMO (i.e., ICO, GTO, CMO, ISO, and PSO). Upon establishing the structure of each first-order variable, the next task was to confirm the second-order structure of MSMO. Using the specifications for ICO, GTO, CMO, ISO, and PSO developed in the first-order analyses, a CFA was conducted specifying the second-order structure of MSMO as seen in Figure 3.

This specification demonstrated a relatively good fit to the data ( $X^2=324.7$ ,  $df=165$  [ $X^2/df=1.96$ ]; RMSEA=.067; CFI=.92; TLI=.91). Table 8 shows the means and standard deviations for all items reflective of each dimension. The standardized parameter estimates from the second-order CFA are also reported, along with composite reliability for each first-order construct. As seen in Table 8, all parameter estimates were significant at the .05 level. The results of these analyses support Propositions 1-5 concerning the factor structure of MSMO.

A similar process was followed for customer-based assets (CBA), industry-based assets (IBA), politically-based assets (PBA), and the two first-order performance constructs (performance relative to competitors and performance relative to strategic plans) (See Table 9).



**Figure 3: Second-order specification of MSMO**

**Table 8**  
**Measurement Scale Properties: MSMO**

<b>Constructs and Indicators</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Std. Est.</b>	<b><i>p</i></b>
<b>Multiple Stakeholder Market Orientation (MSMO): Second-Order</b>			<sup>a</sup> <b>1.968</b>	<sup>b</sup> <b>.067</b>
<b>Independent Customer Orientation (ICO) (<math>\alpha=.80</math>)</b>	<b>5.62</b>	<b>5.62</b>	<b>0.600</b>	<b>&lt; .001</b>
ICO2: Understanding the needs of the independent travel market is an important part of our organization's strategic planning process.	5.87	1.51	0.684	na
ICO3: Our organization understands the tourism-related needs of the independent travelers that visit our destination.	5.53	1.32	0.782	< .001
ICO4: Our strategic objectives are designed to ensure that our destination meets the tourism-related needs of the independent travelers that come here.	5.45	1.28	0.790	< .001
ICO9: Our organization works with the local tourism industry to understand our independent visitors' needs.	5.61	1.33	0.598	< .001
<b>Group Travel Orientation (GTO) (<math>\alpha=.85</math>)</b>	<b>5.28</b>	<b>1.24</b>	<b>0.879</b>	<b>&lt; .001</b>
GTO2: Understanding the needs of the group travel market is an important part of our organization's strategic planning process.	5.51	1.59	0.731	na
GTO4: Our organization understands the tourism needs of the organized groups that visit our destination.	5.65	1.32	0.803	< .001
GTO5: Our organization conducts (or sponsors) research to identify new opportunities for attracting organized groups to our destination.	4.38	1.94	0.748	< .001
GTO6: Our organization works with the local tourism industry to understand the needs of the group travel market.	5.56	1.40	0.814	< .001
<b>Competitor Orientation (CMO) (<math>\alpha=.72</math>)</b>	<b>3.90</b>	<b>1.28</b>	<b>0.728</b>	<b>&lt; .001</b>
CMO1: Our marketing strategy is designed to exploit our competitors' weaknesses.	2.73	1.70	0.355	< .001
CMO4: Employees with different responsibilities share information about our competitors with each other.	4.84	1.68	0.637	< .001
CMO5: Our organization conducts (or sponsors) research to better understand our competitors' target markets.	3.47	1.77	0.728	na

**Table 8 Continued**

<b>Constructs and Indicators</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Std. Est.</b>	<b>p</b>
CMO6: Our organization shares relevant information about our competitors with the local tourism industry.	4.52	1.77	0.799	< .001
<b>Industry Stakeholder Orientation (ISO) (<math>\alpha=.88</math>)</b>	<b>5.86</b>	<b>1.12</b>	<b>0.706</b>	<b>&lt; .001</b>
ISO1: Our managers understand the local lodging industry's expectations of our organization.	5.99	1.15	0.667	< .001
ISO2: Our organization actively seeks feedback about our marketing activities from the local lodging industry.	5.75	1.35	0.908	na
ISO3: Meeting with representatives of the local lodging industry to discuss our organization's strategy is an effective use of our managers' time.	5.89	1.33	0.764	< .001
ISO7: Our organization seeks input from the local lodging industry when setting strategic objectives.	5.82	1.40	0.858	< .001
<b>Political Stakeholder Orientation (PSO) (<math>\alpha=.78</math>)</b>	<b>5.47</b>	<b>1.14</b>	<b>0.654</b>	<b>&lt; .001</b>
PSO4: Our organization appreciates input from local politicians when setting strategic objectives.	5.22	1.56	0.597	na
PSO5: Our organization communicates the local political leadership's position regarding the role of tourism in our community to our industry stakeholders.	5.39	1.51	0.825	< .001
PSO6: Our organization facilitates the flow of relevant information from our local government to the local tourism industry.	5.39	1.51	0.791	< .001
PSO7: Our organization tries to ensure that our tourism industry stakeholders understand our community's long-term economic goals.	5.89	1.24	0.556	< .001

<sup>a</sup>=  $X^2/df$ ; <sup>b</sup>=RMSEA; na = estimates not available because parameters fixed to '1' for model identification



**Table 9**  
**Measurement Scale Properties: Market-Based Assets and Performance**

<b>Constructs and Indicators</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Std. Est.</b>	<b><i>p</i></b>
<b>Customer-based Assets (CBA) (<math>\alpha=.86</math>): First-Order</b>	<b>5.17</b>	<b>1.27</b>	<b><sup>a</sup>1.692</b>	<b><sup>b</sup>.056</b>
CBA1: Our destination has a distinct brand image.	5.43	1.62	0.74	< .001
CBA2: Our destination's brand is an important part of the reason that organized groups come to our area.	4.83	1.64	0.83	< .001
CBA3: Our destination's brand is an important part of the reason that independent travelers come to our area.	5.23	1.64	0.91	< .001
CBA4: Our community is a well-established tourism destination.	4.66	1.73	0.67	< .001
CBA6: Upon visiting our destination, independent visitors are likely to revisit our destination in the future.	5.70	1.23	0.57	< .001
<b>Industry-based Assets (IBA) (<math>\alpha=.81</math>): First-Order</b>	<b>5.03</b>	<b>1.12</b>	<b><sup>a</sup>.898</b>	<b><sup>b</sup>.000</b>
IBA1: The local tourism industry appreciates our organization's contribution to the local economy.	5.78	1.19	0.684	< .001
IBA3: Tourism businesses in our destination cooperate with each other to access new markets.	4.45	1.50	0.755	< .001
IBA4: Tourism businesses in our destination share a common vision for our destination.	4.79	1.52	0.827	< .001
IBA6: Tourism businesses in our destination share a commitment to providing quality customer service.	5.14	1.39	0.684	< .001
<b>Politically-based Assets (PBA) (<math>\alpha=.86</math>): First-Order</b>	<b>5.15</b>	<b>1.24</b>	<b><sup>a</sup>1.194</b>	<b><sup>b</sup>.030</b>
PBA4: Funding our organization is a priority for our politicians.	3.95	1.81	0.573	< .001
PBA5: The local government appreciates our organization's contribution to the local economy.	5.59	1.46	0.83	< .001
PBA6: The local government understands the importance of tourism to our local economy.	5.39	1.54	0.853	< .001
PBA7: The relationships our organization has with our local policymakers are a valuable strategic asset.	6.00	1.30	0.712	< .001

**Table 9 Continued**

<b>Constructs and Indicators</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Std. Est.</b>	<b>p</b>
PBA8: Our local government considers the impact that new legislation may have on our organization's ability to achieve its mission.	4.80	1.61	0.769	< .001
<b>Performance Relative to Strategic Plan (<math>\alpha=.90</math>): First-Order</b>	<b>5.41</b>	<b>1.10</b>	<sup>a</sup> <b>1.15</b>	<sup>b</sup> <b>.026</b>
PERF2: In making progress toward the achievement of its long-term goals for your community.	5.17	1.30	0.738	< .001
PERF3: In meeting the expectations of the local tourism industry.	5.44	1.18	0.905	< .001
PERF4: In meeting the expectations of your community's leadership.	5.48	1.31	0.870	< .001
PERF5: In achieving its intended economic impact.	5.53	1.26	0.795	< .001
<b>Performance Relative to Competitors (<math>\alpha=.93</math>): First-Order</b>	<b>5.17</b>	<b>1.17</b>	<sup>a</sup> <b>1.31</b>	<sup>b</sup> <b>.038</b>
PERF7: In making progress toward the achievement of its long-term goals for your community.	4.94	1.34	0.828	< .001
PERF8: In meeting the expectations of the local tourism industry.	5.18	1.23	0.939	< .001
PERF9: In meeting the expectations of your community's leadership.	5.24	1.34	0.875	< .001
PERF10: In achieving its intended economic impact.	5.31	1.24	0.854	< .001

<sup>a</sup>=  $\chi^2/df$ ; <sup>b</sup>=RMSEA

Similar to Table 8, Table 9 depicts the final factor structure for the remaining constructs in the research model. The model fit (normed chi-square and RMSEA) of each first-order CFA is reported along with the standardized parameter estimates, means, and standard deviations of each construct. As seen in the Tables 8-9, both the model fit and the standardized parameter estimates provide preliminary evidence of convergent validity for all first- and second-order constructs.

### **MEASUREMENT MODEL**

Because of the large number of parameters resulting from the aggregation of the variables (as operationalized in Tables 8-9) into a single model, two composite variables for each first-order construct were created to increase the eventual statistical power of the measurement and structural models (see Williams and O'Boyle, 2009; Yuan, Bentler, and Kano, 1997). The rationale for this type of transformation is based on the reflective nature and specification of all constructs in the hypothesized structural model. That is, because all first-order constructs are reflective in nature, all items measuring each of these constructs are also reflective. Thus, by using a weighted averaging method to create composite variables, statistical power of the model is increased while the potential effects of multicollinearity among the observed indicators are minimized (Williams and O'Boyle, 2009).

The following account of the transformations to the first-order reflective dimensions of MSMO provides an example of how this process was implemented. For each dimension of MSMO, the two items with the highest and lowest first-order factor loadings were averaged to form one composite variable. Then, a second composite variable was created by averaging the items with the second highest and second lowest first-order factor loadings. After all first-order factors were transformed, a CFA was conducted specifying MSMO as a second-order factor

reflected by five dimensions, each with two composite observed indicators. The composite variable specification demonstrated was a good fit to the data ( $\chi^2=48.3$ ,  $df=30$  [ $\chi^2/df=1.61$ ]; RMSEA=.053; CFI=.98; TLI=.97). Thus, this specification was used in the specifications of the measurement and structural models discussed below.

A similar process was followed for the remaining constructs in the model (i.e., CBA, IBA, PBA, and PERF). A summary of the transformations can be seen in Table 10. Following the transformations, a measurement model was specified using the composite items. This model demonstrated an acceptable fit to the data ( $\chi^2=247.6$ ,  $df=120$  [ $\chi^2/df=2.06$ ]; RMSEA=.070; CFI=.94; TLI=.93), with all specified paths significant at the .05 level (see Table 10). These results provide further evidence of convergent validity among the constructs in the measurement model.

In order to test for full construct validity (i.e., convergent and discriminant validity), average variance extracted (AVE) was calculated in the manner advocated by Fornell and Larcker (1981). Table 11 shows the critical ratio (CR), AVE, maximum shared squared variance (MSV), and average shared squared variance (ASV) for each construct. Additionally, the correlation matrix (with the square root of AVE on the diagonal) can be seen in Table 12. For all variables,  $CR > AVE > 0.5$ , providing strong evidence of convergent validity for each construct in the model (Hair et al., 2006). Additionally, the AVE for each construct is greater than both the ASV and MSV with no two constructs correlating over .5. These relationships provide strong evidence of discriminant validity among the constructs (Hair et al., 2006).

**Table 10**  
**Composite Variable Transformations and Measurement Model**

<b>New Variable</b>	<b>Transformation</b>	<b><math>\beta</math></b>	<b><math>p</math></b>
<b>ICO (<math>\alpha=.80</math>)</b>		<b>0.696</b>	<b>&lt; .001</b>
ICO_COMP1	(ICO2+ICO3)/2	0.760	< .001
ICO_COMP2	(ICO4+ICO9)/2	0.874	na
<b>GTO (<math>\alpha=.86</math>)</b>		<b>0.810</b>	<b>&lt; .001</b>
GTO_COMP1	(GTO4+GTO5)/2	0.838	na
GTO_COMP2	(GTO2+GTO6)/2	0.899	< .001
<b>CMO (<math>\alpha=.75</math>)</b>		<b>0.641</b>	<b>&lt; .001</b>
CMO_COMP1	(CMO1+CMO6)/2	0.669	< .001
CMO_COMP2	(CMO4+CMO5)/2	0.890	na
<b>PSO (<math>\alpha=.82</math>)</b>		<b>0.699</b>	<b>&lt; .001</b>
PSO_COMP1	(PSO4+PSO6)/2	0.750	na
PSO_COMP2	(PSO5+PSO7)/2	0.928	< .001
<b>ISO (<math>\alpha=.88</math>)</b>		<b>0.734</b>	<b>&lt; .001</b>
ISO_COMP1	(ISO1+ISO2)/2	0.898	na
ISO_COMP2	(ISO3+ISO7)/2	0.872	< .001
<b>CBA (<math>\alpha=.87</math>)</b>			
CBA_COMP1	(CBA3+CBA6)/2	0.849	< .001
CBA_COMP2	(CBA1+CBA2+CBA4)/3	0.918	< .001
<b>IBA (<math>\alpha=.83</math>)</b>			
IBA_COMP1	(IBA1+IBA4)/2	0.896	< .001
IBA_COMP2	(IBA3+IBA6)/2	0.798	< .001
<b>PBA (<math>\alpha=.86</math>)</b>			
PBA_COMP1	(PBA7+PBA8)/2	0.885	< .001
PBA_COMP2	(PBA4+PBA5+PBA6)/3	0.861	< .001
<b>PERF (<math>\alpha=.92</math>)</b>			
PERF_COMP1	((P2+P7)/2)+((P3+P8)/2)/2	0.901	< .001
PERF_COMP2	((P4+P9)/2)+((P5+P10)/2)/2	0.949	< .001

**Model Fit:**  $\chi^2=264.4$ ,  $df=123$ ; RMSEA=.070; CFI=.94; TLI=.93

na = estimates not available because parameters fixed to '1' for model identification

**Table 11**  
**Average Variance Extracted**

	<b>CR</b>	<b>AVE</b>	<b>MSV</b>	<b>ASV</b>
<b>PBA</b>	0.865	0.762	0.274	0.177
<b>CBA</b>	0.877	0.782	0.211	0.163
<b>MSMO</b>	0.841	0.516	0.350	0.282
<b>PERF</b>	0.922	0.856	0.294	0.209
<b>IBA</b>	0.837	0.720	0.350	0.236

CR=Critical ratio; AVE=Average variance extracted; MSV=Maximum shared squared variance; ASV=Average shared squared variance

**Table 12**  
**Correlation Matrix**

	<b>PBA</b>	<b>CBA</b>	<b>MSMO</b>	<b>PERF</b>	<b>IBA</b>
<b>PBA</b>	.873*				
<b>CBA</b>	0.251	.884*			
<b>MSMO</b>	0.523	0.459	.718*		
<b>PERF</b>	0.391	0.444	0.542	.925*	
<b>IBA</b>	0.468	0.427	0.592	0.438	.848*

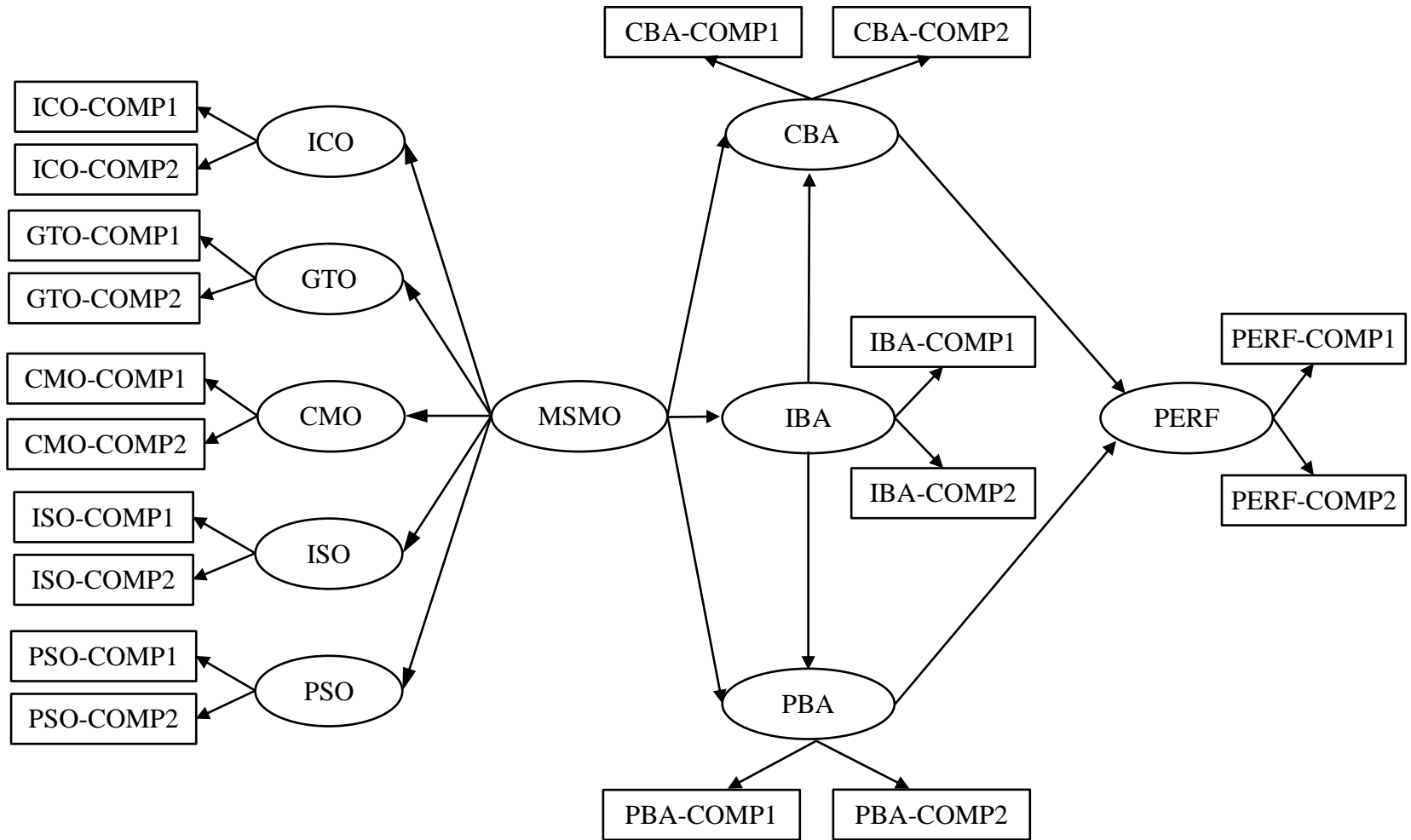
\*=square root of AVE

## STRUCTURAL MODEL

In order to test the hypotheses developed in Chapter II, a structural model was specified according to proposed relationships among MSMO, market-based assets, and organizational performance (see Figure 4). Using the same fit index criteria described in Table 7, the structural model was evaluated to assess the extent to which the specified relationships among the constructs fit the data. The structural model demonstrated an acceptable fit to the data ( $X^2=264.4$ ,  $df=123$  [ $X^2/df=2.15$ ]; RMSEA=.073; CFI=.94; TLI=.92), allowing for a meaningful analysis of the estimated paths in the model. As seen in Table 13, each of the specified paths is positive and significant ( $p<.05$ ), as hypothesized.

Hypotheses 1-3 were tested via an analysis of the constrained paths in the Gamma matrix. The beta weights for these paths were significant ( $p<.05$ ), providing support for the hypothesized positive relationships between MSMO and the three market-based asset categories (CBA, IBA, PBA). Similarly, Hypotheses 4-5 were tested by analyzing the corresponding paths in the Beta matrix. Again, the beta weights for these paths were also significant, providing evidence of a positive relationship between (1) a DMO's industry-based assets and its customer-based assets (H4), and (2) a DMO's industry-based assets and its politically-based assets (H5). Thus, the results of the structural model provide support for Hypotheses 1-5.

Hypotheses 6 and 7 were tested via an assessment of the remaining two paths in the Beta matrix. However, a mere assessment of the beta weights was not sufficient to test the mediating effects implied by these hypotheses. Recall that Hypotheses 6 and 7 are based on the contention that it is the bundling of resources (i.e., assets and capabilities) that ultimately results in



**Figure 4: Structural model specification**



**Table 13**  
**Structural Model Evaluation**

<b>Hypothesis: Path</b>	<b>Std. Solution</b>	<b>Critical Ratio</b>	<b><i>p</i></b>	<b>Support</b>
H1: MSMO - CBA	0.324	3.17	0.002	Full
H2: MSMO - PBA	0.386	3.54	< .001	Full
H3: MSMO - IBA	0.593	6.38	< .001	Full
H4: IBA - CBA	0.242	2.46	0.014	Full
H5: IBA - PBA	0.249	2.54	0.011	Full
H6*: CBA - PERF	0.373	5.00	< .001	Partial
H7*: PBA - PERF	0.321	4.47	< .001	Partial

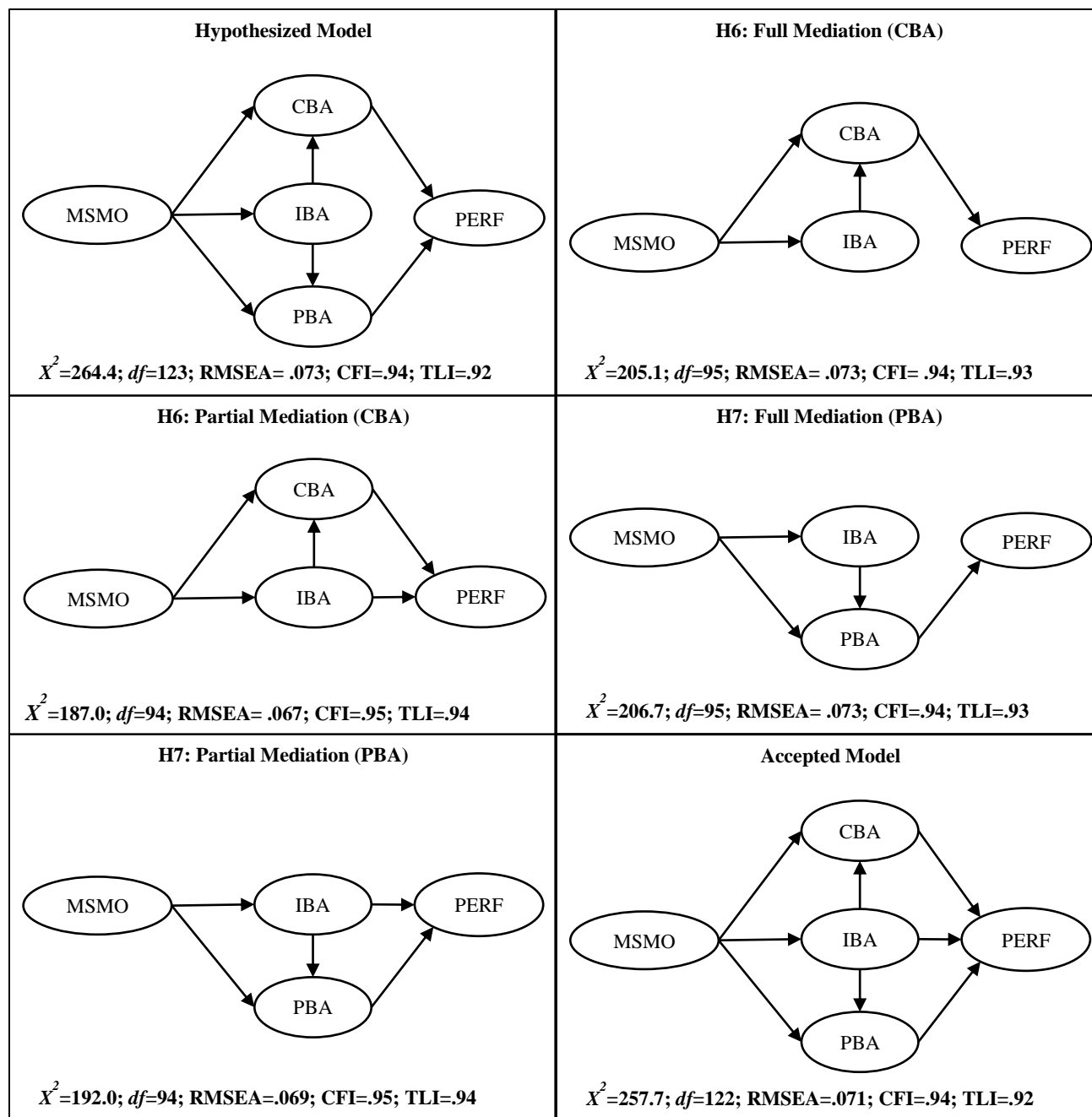
**Model Fit:**  $\chi^2=264.4$ ,  $df=123$ ; RMSEA=.073; CFI=.94; TLI=.92

\* denotes hypothesis of fully mediated effect of asset construct in IBA - PERF relationship

increased levels of organizational performance. More specifically, it is hypothesized that when industry-based assets are combined with MSMO and the other asset categories, the resulting competitive advantages inherent to this bundling generates an increase in performance.

Thus, in order for Hypotheses 6 and 7 to be fully supported, full mediation must be established. Accordingly, mediation analyses were conducted following the processes outlined by Baron and Kenny (1986). The mediation analyses serve two purposes. First, as discussed above, they provide a formal assessment of the hypothesized structural relationships in the research model. Additionally, these analyses allow for comparisons between the hypothesized model and alternative model specifications that may better explain the data. Comparisons of the hypothesized model with alternative models can be seen in Figure 5.

In order to test Hypothesis 6 (the fully mediated effect of customer-based assets (CBAs) in the IBA-PERF relationship), two models were specified (see Figure 5). Constraining the



**Figure 5: Tests of alternative models**

effects of PBA in the hypothesized model to zero, the first model specified a fully mediated relationship among IBA, CBA, and PERF. In the second model, a partially mediated relationship was specified by adding a path from IBA to PERF. The fit of the fully mediated model was acceptable ( $X^2=205.1$ ,  $df=95$ ; RMSEA=.073; CFI=.94; TLI=.93). However, a chi-square difference test indicated that the partially mediated model ( $X^2=187.0$ ,  $df=94$ ; RMSEA=.067; CFI=.95; TLI=.94) was a significantly better fit to the data ( $\Delta X^2=18.1$ ,  $df=1$ ,  $p<.001$ ). Thus, because the partially mediated model was a better fit, Hypothesis 6 is only partially supported. These results suggest that, while there is a direct effect of CBA on PERF and a mediating effect of CBA in the relationship between IBA and PERF, there is also a direct relationship between IBA and PERF.

Hypothesis 7 was tested in a similar manner. To test for the fully mediated effect of politically-based assets (PBAs) in the relationship between IBA and PERF, two additional models were specified (see Figure 5). In these models, the effects of CBA were constrained to zero. As above, the first model specified a fully mediated relationship among IBA, PBA, and PERF. In the second model, a partially mediated relationship was specified by adding a path from IBA to PERF. The fit of the fully mediated model was acceptable ( $X^2=206.7$ ,  $df=95$ ; RMSEA=.073; CFI=.94; TLI=.93). Again, however, a chi-square difference test indicated that the partially mediated model ( $X^2=192.0$ ,  $df=94$ ; RMSEA=.069; CFI=.95; TLI=.94) was a significantly better fit to the data ( $\Delta X^2= 14.7$ ,  $df=1$ ,  $p<.001$ ). Thus, because the partially mediated model was a significantly better fit, Hypothesis 7 is also only partially supported. These results suggest that, while PBA mediates the relationship between IBA and PERF, there is also a direct relationship between IBA and PERF.

Because the preceding tests suggest the need for an additional parameter in the hypothesized model, an alternative structural model was tested that included a path from IBA to PERF. The fit of the hypothesized model ( $X^2=264.4$ ,  $df=123$  [ $X^2/df=2.15$ ]; RMSEA=.073; CFI=.94; TLI=.92) was then compared with the fit of the alternative model ( $X^2=257.7$ ,  $df=122$  [ $X^2/df=2.11$ ]; RMSEA=.071; CFI=.94; TLI=.92). As seen in Table 14, the alternative model with the additional parameter (referred to as the accepted model) was a significantly better fit to the data ( $\Delta X^2=6.7$ ,  $df=1$ ,  $p<.01$ ). In this model, the standardized path estimates retain the structure reported in Table 13 with all path estimates (including IBA-PERF) significant ( $p<.05$ ) and positive.

Thus, a structural model specification including all paths in the hypothesized model with the addition of an extra path constraint from IBA to PERF was identified as the best fitting (accepted) model. In this model, a direct effect of MSMO was identified for all three

**Table 14**  
**Mediation Analyses: Model Comparisons**

<b>Model</b>	<b>Description</b>	<b><math>X^2</math></b>	<b><math>df</math></b>	<b>RMSEA</b>
Hypothesized Model	Hypothesized structural model as specified in Figure 4	264.4	123	0.073
H6: Full Mediation	Hypothesized model omitting PBA and corresponding paths	205.1	95	0.073
H6: Partial Mediation	Full mediation model (H6) adding a path from IBA to PERF	187.0	94	0.067
H7: Full Mediation	Hypothesized model omitting CBA and corresponding paths	206.7	95	0.073
H7: Partial Mediation	Full mediation model (H7) adding a path from IBA to PERF	192.0	94	0.069
Accepted Model	Hypothesized model adding path from IBA to PERF	257.7	122	0.071

categories of market-based assets (CBA, IBA, PBA). Similarly, each asset category, in turn, had a direct effect on the performance of the DMO. In addition to the direct effect of market-based assets on performance, the mediation tests suggest that while industry-based assets lead directly to firm performance, these assets also have an indirect effect on performance via their impact on customer-based assets and politically-based assets. These findings are discussed in greater detail in Chapter V.

### **PERFORMANCE: SUBJECTIVE AND OBJECTIVE MEASUREMENTS**

As discussed in Chapter III, an important part of this research hinges on the assumption that self-reported responses to subjective survey material can provide an accurate measurement of organizational performance. While there is some evidence that subjectively-derived measurements are acceptable representations of an organization's performance (Dess and Robinson Jr., 1984; Venkatraman and Ramanujam, 1986), there is still a possibility that, due to social desirability biases, subjective measures of performance may be artificially inflated. Because the present research is explicitly concerned with the determinant factors of DMO performance, a more thorough exploration of the performance construct adopted in this research is warranted.

Rather than merely assuming that the subjective measurements of DMO performance obtained from the respondents are an appropriate representation of each organization's performance, a post-hoc analysis was conducted to determine the extent to which these subjective measurements of performance correlate with an objective measurement of performance. Thus, while specification of an objectively-derived measurement of performance

within the model itself was not possible due to statistical constraints, correlation analysis was used to determine the external validity of the subjectively-based performance metrics.

In order to conduct this analysis, a secondary data set was acquired from Smith Travel Research. As a leading supplier of hotel data, Smith Travel Research (STR) collects hotel performance metrics (e.g., average daily rate, occupancy rate, and revenue per available room, etc.) from hotels across the United States. Because metrics such as average daily rate and revenue per available room are a function of hotel-level marketing and revenue management practices, many of these metrics cannot be used to accurately gauge the role of DMOs in destination performance. Other metrics, however, are less hotel-specific; and when such measures are aggregated within a geographically defined area, they can be used as a gauge of DMO performance.

For destinations, one of the most valuable pieces of data collected by STR is hotel demand, calculated as the total number of hotel rooms sold in a given timeframe. When considered over time, changes in hotel demand represent the extent to which a DMO has been successful in increasing visitor demand for its destination. Thus, while DMOs do not influence supply- or revenue-based hotel metrics, these organizations have a direct effect on aggregate demand for a destination. As such, a measurement of the change in destination-level hotel demand was developed as an objective measurement of DMO performance.

This metric was calculated for all responding destinations for which the corresponding data were available. Overall, STR was able to provide aggregate demand data for 168 (75.7%) of the 222 responding destinations. Because STR reports aggregate data in a hierarchical structure, it was necessary to review each responding organization in order to determine which geographic designation (market, tract, or county) most appropriately reflected the organization's marketing

focus and jurisdiction. County-level data represent the smallest geographic designation. County-level data were acquired for destinations that are not included in a major market or specifically identified tract. Tract-level data were used for destination cities that are large enough to warrant specific designation outside of the available county-level data. The market-level data category is the largest designation and was used for destinations that span multiple tracts. After systematically reviewing each destination, 13 destinations (7.7%) were reflected by market-level data; 68 destinations (40.5%) were reflected by tract-level data; and 87 (51.8%) were reflected by county-level data. The 54 destinations not included in this analysis were omitted due to unavailable data or because the destination itself did not correspond to an appropriate geographical designation.

For all requested destinations, STR provided monthly aggregate demand data from 2008-2012. The numbers in the file represented the total number of hotel rooms sold for each month. Because the subjective assessment of performance solicited in the survey was a measurement of performance over the previous three years (i.e., 2009-2011), the STR data were used to calculate yearly aggregate demand from 2008-2011. Then, for each focal year (2009-2011), the change in aggregate demand from the previous year was calculated by dividing demand in the focal year by the previous year's demand. This number was subtracted by 1 and multiplied by 100 to create a +/- percentage indicator of yearly change in demand. The percent change in demand for each focal year (2009-2011) was then summed to yield a composite three year change in demand score for each destination. Calculating the performance variable in this way assures that, although each responding destination is subject to a unique set of environmental parameters regarding size, budget, baseline demand, etc., the final metric reflects a standardized measurement of performance.

This composite number was used as the objective correlate. The corresponding subjective correlate was calculated as an average of the respondents' scores for the four variables reflective of the DMO's performance relative to its strategic plans over the previous three years (PERF2-5). Thus, to the extent that a DMO's strategic plan emphasizes maintaining/enhancing destination demand, the subjective measurement of performance should be positively correlated with yearly aggregate demand trends. The results of this analysis indicated that the subjective measurement of performance was significantly correlated with the objective measurement of performance ( $r=.152; p<.05$ ).

The results of this test are crucial to demonstrating both the external validity of the model and the internal validity of the sample. Concerning the latter, the positive correlation between the subjective measurement of performance specified in the model and a corresponding objective measurement lends credence to the measurement process, particularly in terms of the effectiveness of the techniques used to minimize common method variance. The correlation analysis indicates, that at least with respect to the measurement of performance, common method biases did not introduce measurement-related variance into the model. Given the susceptibility of the performance construct to social desirability biases, this construct is perhaps the specified variable most vulnerable to measurement error. Thus, to the extent that the measurement of performance is indicative of the measurement process *in toto*, the correlation analysis provides additional evidence that incidences of common method variance were likely minimized across the other latent constructs as well.

The positive correlation between the two measures of performance is even more important when it comes to making inferences relating to the external validity of the hypothesis tests. A key finding of this research is the positive impact that MSMO has in the development of



market-based assets and, in turn, DMO performance. In the absence of confirmatory evidence regarding the validity of the subjectively-derived performance construct, the positive relationships identified in this section could be criticized as an artifact of the measurement process and not of a true relationship between MSMO and DMO performance. The correlation analysis suggests that while performance was measured subjectively, the unobservable items reflective of this latent phenomenon tap the same theoretical domain as an objectively-derived measurement of the phenomenon. Thus, the significant correlation of the two performance measurements provides evidence of external validity of the analyses. This evidence is critical to the both the academic and practitioner implications discussed in the final chapter.

#### **ANALYSIS SUMMARY**

In this chapter, the data collected via the process described in Chapter III were analyzed. First, the proposed factor structure of each variable in the model was identified and the psychometric properties of all construct specifications were assessed. Based on these analyses, an appropriate specification for each first-order construct was identified. Structural equation modeling was then used to test the hypothesized relationships among the variables in the model. Hypothesis testing provided full support for Hypotheses 1-5. In addition to the direct effects of Hypotheses 1-5, the mediating effect of asset interactions on firm performance was tested. The mediation hypotheses (i.e., Hypotheses 6-7), however, were only partially supported. That is, rather than the hypothesized fully mediated effect of industry-based assets on performance (via the respective effects of customer-based assets and politically-based assets), a partially mediated effect was identified. The results of the mediation analyses suggest that, while the hypothesized model is an acceptable representation of the data, the addition of a parameter between IBA and

PERF yields a significantly better fitting model. In the following chapter, these results and their implications for both theory and practice are discussed in full.

## **CHAPTER V: DISCUSSION**

In this chapter, the results of the analyses reported in Chapter IV are interpreted and discussed. The identification of MSMO as a multidimensional construct, inclusive of all salient stakeholder markets (including, but not limited to, customers and competitors), is of potential importance to a number of substantive domains including general marketing scholarship, hospitality and tourism research, and practical destination marketing and management. In the following sections, the empirical support for a less exclusive conceptualization of market orientation is discussed with an emphasis on the implications for each of these three domains. Likewise, the implications of the relationships established among MSMO, market-based assets (MBAs), and organizational performance are also considered. The chapter concludes with an account of research limitations and potential areas for future research.

### **IMPLICATIONS FOR MARKETING THOUGHT**

As discussed in Chapter II, market orientation can be generally conceptualized as the extent to which the marketing concept is implemented by a firm or organization (Day, 1994; Kohli and Jaworski, 1990; Narver and Slater, 1990). Accordingly, because market orientation is reflective the marketing concept, it is imperative that the operational structure of the former corresponds to the theoretical principles of the latter. Likewise, it is equally important that, when/if shifts occur to the prevailing perspective of marketing thought, these shifts are accompanied by corresponding adjustments to the MO construct from a conceptual and, if necessary, operational perspective. Unfortunately, while the nature and scope of marketing has indeed evolved over the last 20 years, MO is still conceptualized and operationalized in the same terms as originally put forth by Kohli and Jaworski (1990) and Narver and Slater (1990). The

results of this research suggest that the time has come to reconceptualize MO and bring this concept into alignment with the contemporary understanding of the marketing concept. In this section, I discuss the empirical utility of the MSMO concept itself and the potential for this construct to inform marketing scholarship.

### ***MSMO and the Marketing Concept***

When the MO construct was initially operationalized, both measurement scales (MARKOR and MKTOR) were sufficiently representative of the marketing concept *ex tempore*. Over the past two decades, however, the dominant logic underpinning the marketing concept has changed dramatically (Lusch and Webster, 2011; Vargo and Lusch, 2004). Most importantly, the understanding of marketing's contribution to value creation has shifted from an emphasis on firm-based value propositions to a network-based perspective in which organizations and their stakeholders engage in a collaborative system of value creation (i.e., co-creation of value). In contrast to what Lusch and Webster (2011) refer to as marketing's second era, a period in which marketing was proposed as "customer oriented and value proposing" (p. 130), this network-based (i.e., era two) perspective emphasizes value creation across all salient organizational stakeholders. Likewise, the primary focus of marketing has shifted from "the customer and the market" to "the customer and stakeholders" (Lusch and Webster, 2011, p. 130).

As the theoretical tenets of marketing science have evolved, the conceptual perspective of the marketing concept has shifted further away from the pre-1990 paradigm from which the MO concept was originally derived. Unfortunately, these shifts have not been accompanied by the requisite operational modifications necessary to ensure continued correspondence between the theoretical tenets of the marketing concept and its measurement. In recognition of the disconnect

between the current perspective of the marketing concept and its operational construct, the present research suggests that a reconceptualized approach to MO is warranted.

As discussed in the previous chapters, MSMO can be viewed as a more temporally relevant conceptualization of the marketing concept that recognizes the co-creation of value among an organization and its stakeholders for the purposes of total value creation. It is important to remember, however, that MSMO is not an absolute reconceptualization of MO. Rather, MSMO represents an expansion to the extant perspectives first proposed nearly a quarter century ago.

The critical distinction between MO and MSMO (and the key contribution of the latter) is the emphasis that MSMO places on *salient organizational stakeholders*. Like MO, MSMO recognizes the importance of “customers and the market.” In the DMO-based operationalization of MSMO proposed in Chapter II, the first-order customer (ICO and GTO) and competitor (CMO) orientation components of MSMO explicitly acknowledge these stakeholders. Indeed, operating under the traditional assumption that customers and competitors are the only salient organizational stakeholders in a DMO’s operating environment, a DMO’s MSMO could be operationally defined in terms of the extent to which a DMO generates, interprets, and reacts to information from customers and the market. That is, if MSMO were operationalized in consideration of these three stakeholder groups only, the construct would look very much like an industry-specific adaptation of the existing conceptualization of MO.

MSMO does not stop at customers and the market however, and herein lies the key differentiating factor. Unlike the extant conceptualization of MO, MSMO does not make any *a priori* assumptions regarding an organization’s salient stakeholder constituencies. Instead, by acknowledging the tenets of stakeholder marketing and the corresponding perspective of

marketing as an activity enacted within complex network of interorganizational relationships, MSMO mandates that, to the extent that these interorganizational relationships are a part of an organization's value creation process, additional dimensionality must be incorporated into its operational specification.

This additional dimensionality is based on an assessment of the organization's (or industry's) marketing environment. When this analysis identifies salient stakeholders (*cf* Ferrell et al., 2010) outside of the customer and the market, new dimensionality should be added as necessary to reflect the degree to which the organization (1) generates, interprets, and reacts to information pertaining to the stakeholders' interests in, and expectations of, the organization; and (2) the extent to which this information is communicated to other relevant stakeholders in the environment. In sum, this conceptualization acknowledges not only the importance of customers and competitors to the marketing function but also provides conceptual space for the addition of other important stakeholder markets.

The empirical findings reported in Chapter IV support this conceptualization. Recall that the second-order specification of MSMO (Figure 3 on p. 99) was a good fit to the data ( $X^2=324.7$ ,  $df=165$  [ $X^2/df=1.96$ ]; RMSEA=.067; CFI=.92; TLI=.91) and that all path estimates were significant ( $p<.05$ ). These results provide empirical evidence that, at least with respect to the destination marketing industry, a multiple stakeholder conceptualization of MO is appropriate; and while these results should not be overly generalized to other industry contexts without further research (discussed more fully below), neither should they be considered irrelevant to future empirical consideration of MO outside of destination marketing. Indeed, given the theoretical rationale for MSMO, the empirical support for a less exclusive conceptualization of MO is among the most important contributions of this research.

### ***MSMO and Organizational Performance***

In addition to the implications associated with the introduction of (and subsequent empirical support for) the MSMO construct at an operational level, the analyses also provide interesting insights concerning the combinatory effects of resources, capabilities, and assets on organizational performance, particularly from the perspective of the resource-based view of the firm. Recall that one of the most important contributions of MO-focused research is the widespread support for a positive relationship between MO and organizational performance. The results of the hypothesis tests in Chapter IV suggest a similarly positive effect of MSMO on organizational performance. These results provide support for MSMO, as well as for the stakeholder marketing perspective in general, especially from a nomological validity standpoint. As follows, the empirically-supported nomological network inherent to the stakeholder marketing process is discussed in detail with an emphasis on: (1) the relationships between MSMO and market-based assets (MBAs); (2) the contribution of resource bundling to the development of a sustainable competitive advantage; and (3) the effects of the entire stakeholder marketing process on organizational performance.

To begin this discussion, it is important to remember that, because the structure of salient stakeholders is specific to the focal organization, the outcomes of these relationships must reflect a corresponding categorical structure. This concept is reflected in the conceptual specification of three types of MBAs, each of which correspond to at least one salient stakeholder. Broadly speaking, this correspondence is the basis for Hypotheses 1-3 concerning the effect of MSMO on customer-based assets (CBAs), industry-based assets (IBAs), and politically-based assets (PBAs), referred to collectively as relational market-based assets (MBAs).

Recall from Chapter II that relational market-based assets were defined as the “outcomes of the relationship between a firm and key external stakeholders including distributors, retailers, end customers, other strategic partners, community groups and even government agencies” (Srivastava et al., 1998, p. 5). Recall further that because MSMO represents the “commingling of the firm with entities in its external environment” (Srivastava et al., 1998, p. 2), this conceptualization of relational MBAs suggests that MSMO is an antecedent condition that facilitates such “outcomes.” The empirical support for Hypotheses 1-3 corroborates this conceptualization.

While the results of Hypotheses 1-3 are important in their own right, the direct effect of MSMO in the development of an organization’s MBAs tells only a part of the nomological story. Returning to Madhavaram and Hunt’s (2007) resource hierarchy, MBAs can be seen as a type of interconnected operant resource (IOR) that arises from the combination of MSMO (a composite operant resource (COR)), with the heterogeneous, but largely fixed, basic operant resources (BORs). An important part of Hypotheses 4-7 reflects Madhavaram and Hunt’s position that, as resources become increasingly connected, the resulting bundling effect renders these resources more valuable to the organization in terms of their collective ability to confer competitive advantage. Thus, it is not surprising that, while a direct relationship was identified between MSMO and CBA, IBA, and PBA, respectively, the MBAs themselves were also found to be mutually reinforcing.

The support for Hypotheses 4 and 5 suggests that as resources are bundled, the resultant increase in competitive advantage conferred by resource combination is exponential, rather than geometric. The mediating role of IBAs in the development of both CBAs (Hypothesis 4) and PBAs (Hypothesis 5) is indicative of this effect. Further support for this interpretation emerges



when considering the effect of MBAs on organizational performance. The results of the structural model analysis suggest that resources, assets, and capabilities interact in complex ways to ultimately affect an organization's performance. Recall that Hypotheses 6 and 7 propose that the effects of MSMO on the development of MBAs should also indirectly lead to enhanced organizational performance via the interaction effect discussed above. The hypothesized direct and indirect effects of each asset category on organizational performance addresses the resource bundling effects that arise from (1) the interaction between MSMO and the individual MBAs and (2) the interaction among the MBAs themselves.

However, while the mediation analyses support the hypothesis that certain types of marketing assets can have a direct effect on organizational performance, as well as an indirect effect via their interaction with other types of MBAs, the interaction among MBAs was even more complex than anticipated. Recall that Hypotheses 6 and 7 were only partially supported. That is, while PBA was positively associated with CBA and PBA (which, in turn, were positively associated with performance), the chi-square difference tests in the alternative model analyses suggested an additional direct effect of IBA on performance. The complexity of the interaction effects among the MBAs in the model suggests that the implementation of an MSMO yields an asset structure that is both valuable and difficult to duplicate (Madhavaram and Hunt, 2007; Srivastava et al., 1998). As such, when an organization is committed to value creation across all salient stakeholders, this process results in a bundled asset structure that, according to Madhavaram and Hunt's (2007) SDL-based classification system, is relatively more likely to be a source of sustainable competitive advantage. The positive relationships among MSMO, MBAs, and organizational performance reflected in the accepted model support this interpretation.

In summary of this section, the results of this research suggest that, from both a theoretical and empirical perspective, the conceptualization of MSMO in terms of an organization-wide commitment to understanding and reacting to the needs of salient stakeholder markets for the purpose of total value creation is a more appropriate reflection of the current perspective of the marketing concept than that proscribed by the more traditional MO approach. While a traditional customer/market-oriented perspective remains an important part of MSMO, the expanded conceptualization was supported in terms of both construct and nomological validity. Importantly, with respect to the latter, MSMO (like MO) appears to be a significant predictor of organizational performance. However, as discussed more fully in the conclusion, without attending to salient stakeholders in conceptual and operational approaches to market orientation, scholars risk missing an important part of the relationship between market orientation and performance.

### **IMPLICATIONS FOR TOURISM RESEARCH**

In addition to contributing to the domain of marketing thought, the results of this research are also highly relevant to hospitality and tourism scholarship. Following a structure similar to the previous section concerning the implications for marketing thought, this section addresses the tourism-specific implications of the research findings. First, I discuss the importance of MSMO and its operationalization within the specific context of destination marketing. I then return to the results of the hypotheses tests, providing an interpretation of the research model in terms of its theoretical and empirical contributions to destination marketing research. These contributions are then considered in terms of practitioner relevance.

### ***Market-Oriented Destination Marketing***

As discussed in Chapter I, the concept of market-oriented destination marketing is not a new idea. Indeed, references to this phenomenon are widespread throughout the tourism and destination marketing/management literature; yet, despite the application of MO to myriad operational contexts in both the for-profit and non-profit domains, market orientation, to the best of the researcher's knowledge, has never been formally conceptualized within the context of destination marketing.

Interestingly, the situation surrounding the heretofore amorphous understanding of market orientation with respect to DMOs is not unlike the situation faced by Narver and Slater and Kohli and Jaworski prior to their respective conceptualizations of MO in 1990. Recall from Chapter I that MARKOR and MKTOR were born of a need to operationally specify a commonly acknowledged, but poorly defined, phenomenon known as the marketing concept. By addressing this need, the respective works of Narver and Slater (1990) and Kohli and Jaworski (1990), initiated a stream of research that has been invaluable to furthering the understanding of marketing as a science. The present research is an attempt to initiate a similar progression in the field of destination marketing. As follows, the potential value of MSMO as a tool for developing tourism theory is discussed.

In terms of theory building, the main contribution of MSMO to tourism research is its integration of well-documented, but previously autonomous, facets of the destination marketing industry into an empirically measurable conceptual entity. As discussed extensively in Chapter II, the importance of customers, competitors, governments, and businesses within the destination marketing environment is widely recognized. Likewise, a large body of research exists that acknowledges (1) the specific roles of these stakeholder groups in the destination marketing

process and (2) the nature of the between-group interorganizational relationships. Much of this research, however, is qualitative in nature. Additionally, much of the extant research seems to focus on the DMO-stakeholder interaction in isolation, rather than on the networked interactions among all stakeholders. That is, while research of interorganizational collaboration between selected pairs or subsets of destination stakeholders is common, integrative accounts of DMOs, as co-creators of value within the context of a comprehensive stakeholder set, are much less prevalent, especially from a quantitative perspective.

As discussed in Chapter I, the dearth of quantitative research designating DMOs as the unit of analysis has inhibited the development of a unique theory of destination marketing. It is important to note here that the intention of the present research is not to devalue the importance of the extant qualitative destination marketing research. Indeed, the insights from qualitative destination marketing research were instrumental to the explication of MSMO as an operational construct, as well as to the development of the corresponding nomological framework. The theory-building process, however, relies on both qualitative and quantitative methodologies (McGrath, 1982).

With respect to theory building, the methodological value of qualitative research lies in the generation of process models that provide insight into the fundamental structure and meaning of organizational processes. In turn, quantitative methodologies allow for the development of hypotheses inherent to these processes and the subsequent testing of these hypotheses with quantifiable empirical data. Thus, qualitative research provides a foundation for the development of constructs in a specified theoretical domain, while quantitative research measures these constructs and tests the theoretically implied causal relationships. Unfortunately, because theory

building relies on both the qualitative and quantitative components of the process, the absence of either component can inhibit theory development or even stifle the process altogether.

Such is the current state of destination marketing research. That is, while qualitative research in this stream has provided the requisite foundations for theoretical advancement, the dearth of quantitative research has inhibited the progression of destination marketing theory. Without an empirically measurable conceptualization of destination marketing as a network-based process of value creation, the propositions implied in the qualitatively-derived process models cannot be empirically tested.

The development of MSMO as a unifying and quantitatively measurable conceptualization of a DMO's commitment to value creation, through generating, disseminating, and reacting to information from the marketplace as well as from the actors in the destination promotion triad (Sheehan et al., 2007) is an attempt to bridge this theoretical and methodological gap in the literature. By integrating the existing, but heretofore autonomously understood, interorganizational social constructs fundamental to the organized marketing of destinations, MSMO contributes to tourism scholarship an enhanced theoretical understanding of destination marketing. Additionally, as discussed in the following section, the situation of MSMO within a theoretically-based conceptual framework takes this contribution a step further by providing an empirical account of the relationships implied within this framework.

### ***MSMO and DMO Performance***

In addition to integrating phenomena specific to the domain of destination marketing, the conceptual logic underpinning the operationalization of MSMO is situated within the context of a similarly well-documented set of scientific principles inherent to the fields of both marketing

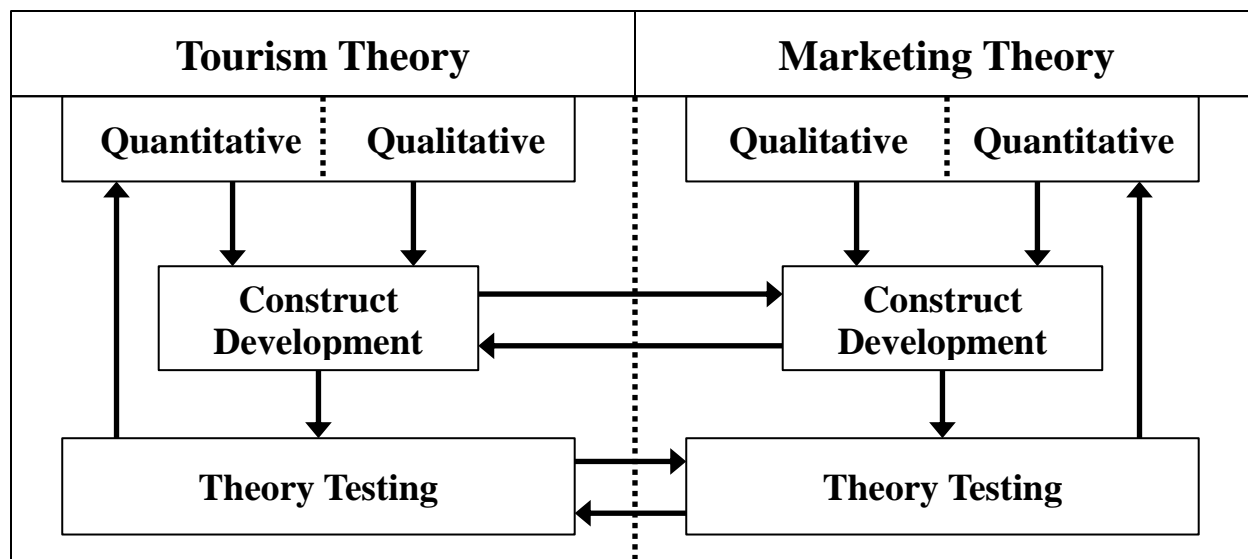
and management. In Chapter II, the basis for all potential contributions of this research to the domain of marketing thought was attributed to the theoretical congruency of the MSMO framework with the tenets of stakeholder theory, the service-dominant logic of marketing, the resource-based view of the firm, and the existing MO paradigm. Importantly, the alignment of MSMO with these frameworks is likewise essential to the interpretation of the tourism-specific implications of the data analysis and results. Without ensuring the theoretical correspondence of the hypothesized framework to the domain of marketing thought, it would not be possible to use the existing MO paradigm to hypothesize (or interpret) the effects of an expanded conceptualization of the MO construct, operationalized to specifically reflect the nature of the destination marketing environment. However, because both MSMO and the model specifying its hypothesized nomology *vis-à-vis* destination marketing were conceptualized according to these well-established, preexisting frameworks, the MSMO-DMO performance relationship can be interpreted in similar terms as the well-established MO-firm performance relationship.

Broadly speaking, the results of the hypothesis tests suggest that, just as MO affects firm performance in traditional product markets, the adoption of a conceptually expanded but theoretically analogous strategic orientation by a DMO will likewise result in increased organizational performance. The implications of these results with respect to the theory building process cannot be understated. As discussed above, the extension of MSMO to destination marketing has the potential to usher in a new age of DMO research. Because both MSMO and its DMO-based conceptual framework are theoretically-situated within the context of previous research, tourism scholars can now take the DMO-specific conceptualization of MSMO proposed herein and, using the extensive and richly diverse streams of extant MO-based research as a framework, assess the extent to which MSMO affects other important DMO-specific

mediators of the MSMO-performance relationship. As will be discussed more fully below, the vast collection of existing MO-based research has identified a number of such constructs that could potentially be affected by a DMO's strategic orientation toward its stakeholders. However, because these constructs have been conceptualized in non-congruent industry contexts, tourism scholars must continue to develop industry-specific operationalizations of these constructs.

Thus, returning to the relationship between qualitative and quantitative research in the theory building process, the quantitative findings of this research represent only a small step toward the continued development of a unique destination marketing theory. The significance of the present endeavor is that this first step has now been taken. That is, constructs have been developed that are theoretically sound and contextually valid, and a nomology has been established providing preliminary industry-specific evidence for one of the most important nomological relationships inherent to the general market orientation paradigm; the positive impact of MO on firm performance.

To summarize the discussion thus far, the value of the present research to the development of a unique theory of destination marketing is derived from the purposeful integration of theoretical, methodological, and substantive considerations at all stages of conceptual development. As a result, this research has the potential to make meaningful contributions to both marketing and tourism scholarship. Figure 6 depicts the interdisciplinary nature of the research process. Additionally this figure summarizes the bases for many of the implications discussed thus far. Note, for example, that for both tourism and marketing, theory development is depicted as a function of qualitative *and* quantitative research (represented by the dotted line separating the two traditions). Likewise, the figure also indicates the complementary effects of each methodology to the development of theoretically sound constructs (Summers,



**Figure 6: Tourism and marketing: An interdisciplinary approach to theory building**

2001). These constructs are then used for theory testing purposes, the results of which subsequently inform future theoretically-based qualitative and quantitative endeavors.

While the above processes take place autonomously within each research domain, it is essential to note the interdisciplinary aspects of this process. The boundary-spanning arrows in Figure 6 represent the importance of marketing thought in developing domain-specific tourism theories, and *vice versa*. Pursuant to the goal of developing a general theory of destination marketing, the model shows how marketing constructs were used to develop tourism-specific measures of MSMO (right to left “construct development” arrow). Likewise, tests of marketing-specific theories were also used to develop hypotheses pertaining to the proposed industry-specific conceptual framework (right to left “theory testing” arrow). In turn, the results of the tourism-specific construct development and hypothesis testing implemented throughout the course of the present research can now be used to inform these processes from a general



marketing perspective (left to right construct development” and “theory testing” arrows, respectively).

In sum, Figure 6 identifies the processes followed in this research to ensure that, while the conceptualization of MSMO is viable in a general sense, its operationalization is contextually valid as well. To the extent that this process is accepted as conducive to the continued development of tourism theory, the present endeavor can be seen as a potentially useful framework for the continued empirical consideration of MSMO. As is discussed more fully in the final section of this chapter, attendance to this process is likely to be especially valuable to any future research seeking to develop additional tourism-specific constructs.

### **PRACTITIONER IMPLICATIONS**

In addition to the academic contributions of this research, the research findings can also be interpreted from a practical perspective. Perhaps the most obvious practical contribution of this research is its explicit proscription of the organizational characteristics that define market-oriented destination marketing. According to Pike (2004), because the market orientation phenomenon has not previously been addressed within the context of destination marketing, effective implementations of market-oriented practices at the DMO-level have been slow to develop. Thus, by addressing this phenomenon in no uncertain terms, this research can be seen as the beginning of a conversation among tourism scholars and industry professionals concerning the specific practices entailed in market-oriented destination marketing and the outcomes resulting from such practices.

Given the contemporary business environment, this type of discourse is likely to be well-received by DMO professionals. As discussed in Chapter I, destination marketers are currently

confronting a number of challenges including increased substitution effects among destinations; changes in travel behavior (due to rising energy costs, the effects of terrorism, etc.); and increased competition for resources from shrinking municipal budgets (Gretzel et al., 2007). As a result, many DMOs are facing both increasing competition and decreasing resource allocations. Unfortunately, despite such conditions, stakeholder expectations of these organizations are likely to remain constant (Ford and Peeper, 2008). In such an environment, DMOs must find new ways to ensure that their destinations remain competitive and that their stakeholders continue to remain supportive of both their value proposition and their role in the destination's economy.

The empirical results reported in Chapter IV suggest that an organizational strategy based on total value creation across salient stakeholders (i.e., MSMO) may represent one possible method to achieve such results. Because MSMO represents the foundation for a value proposition focused on meeting the needs of all salient stakeholder markets, multi-stakeholder market-oriented DMOs are likely to benefit from the implementation of such a proposition on a number of fronts. As follows, these benefits are discussed in terms of the data analyses with an emphasis on the implications for practical destination marketing and DMO management.

In general, from a practitioner standpoint, MSMO can perhaps best be understood from an advocacy perspective. As discussed in Chapter II, developing and implementing an advocacy plan that communicates a DMO's value proposition throughout the destination is an essential part of successful destination marketing (Wang, 2008). In the DMO Advocacy Toolkit (Destination & Travel Foundation and Revent LLC, 2011), the importance of communicating with stakeholders is among the most important recurrent themes. The Toolkit suggests that the purpose of communication in the advocacy process is twofold.

First, DMOs must communicate for the purposes of generating information from their stakeholders. By communicating with representatives of salient stakeholder constituencies, DMOs generate information critical to the continued understanding of their stakeholders' expectations regarding both the organization and the destination itself. As discussed throughout this dissertation, generating this type of information is an essential component of both MSMO and stakeholder marketing (Ferrell et al., 2010). When all stakeholders have the opportunity to communicate their respective needs to a DMO, executives can use this information to develop strategic objectives that address each stakeholder's specific needs and expectations. In turn, this inclusive process of strategic planning facilitates stakeholder support for (and understanding of) the DMO's value proposition (Sheehan et al., 2007). The continuous generation of stakeholder input in the process of value creation is an important component of maximizing total stakeholder value (Lusch and Webster, 2011).

The second, but no less important, purpose of communication is the dissemination of information. As industry coordinators (Wang, 2008), DMOs must disseminate the relevant information generated from each stakeholder market to the other salient actors in the destination marketing environment. That is, information generated from one market must then be circulated across the full stakeholder spectrum. This element of the communication process is critical for several reasons. Recall from Chapter I that, in the most recent survey of DMO executives (DMAIF and Karl Albrecht International, 2011), respondents identified the importance of (1) becoming better at explaining their organization's value proposition to the community; (2) becoming more credible communicators to their customers; and (3) taking on a more significant leadership role within their communities. By engaging in a continuous process of generating stakeholder information and subsequently disseminating that information across the full range of

salient stakeholders, DMOs increase their credibility while simultaneously enhancing the overall understanding of their value proposition in the community. Thus, when DMOs are committed to understanding each of their stakeholder markets and facilitating the flow of relevant information between and among these stakeholders, all parties stand to benefit. Stated differently, by establishing a consensus among stakeholders regarding each actor's role in the implementation of a collaboratively-derived destination-level value proposition, maximal levels of total stakeholder value can be achieved.

The communication processes described above are the essence of MSMO. Accordingly, because MSMO is conceptualized as a strategic orientation, a well-crafted advocacy plan exemplifies what can be interpreted as a tactical implementation of such an orientation. It is important to realize, however, that in terms of the relationship between strategy and tactics, advocacy is but one of the tactical areas for which an MSMO may be relevant. Because the domain of MSMO spans the general destination marketing environment, the implementation of a multi-stakeholder market orientation can be used to guide strategic planning and tactical implementation at all levels of organizational activity including branding, advertising, customer-service, sales, public relations, destination planning, advocacy, etc. As such, the value of this research to practitioners is based on its synthesis of the processes necessary to successfully navigate an environment characterized by a complex network of stakeholder needs into an all-encompassing strategic framework that can be used to guide not only advocacy plans but all organizational activities.

Thus, in addition to its importance from a theoretical standpoint, the explication of MSMO is also a useful tool for understanding the process of stakeholder marketing at a practical level. However, the most significant implication of this research for practitioners stems not from

the explication of MSMO but from the results of the hypothesis tests. That is, practitioners are less likely to be concerned with MSMO as a conceptual phenomenon than they are with the outcomes of implementing such an orientation. The present research identifies several important outcomes resulting from MSMO and stakeholder marketing.

The results from Chapter IV suggest that a multi-stakeholder market orientation is positively associated with a competitively advantageous asset structure. The role of MSMO in the development of strategic assets is particularly important given that many DMOs are being asked to maintain (or enhance) their destination's competitive position even in the face of shrinking budgets. Because the cost of adopting a strategic orientation is negligible, at least from a financial standpoint, this research suggests that organizations that have not previously been operating according to the tenets of MSMO have an opportunity to enhance their competitive position by changing their strategic posture. The hypothesis tests indicate that, by ensuring that their organizations are operating under the principles of stakeholder inclusivity and collaborative value creation, such organizations can enhance their asset structure at a minimal cost. Because these assets come in the form of (for example) increased brand awareness and customer loyalty (CBAs); favorable policy consideration and stable funding (PBAs); and industry advocacy and collaboration (IBAs), DMOs should seriously consider adopting such a posture.

Further support for these implications come from the finding that, beyond the mere development of the assets reviewed above, the end result of adopting an MSMO is enhanced organizational performance. As such, DMO executives can be confident that their efforts to implement such an orientation will affect at least two important components of DMO performance: success in achieving strategic goals and success relative to competitors. In sum, although the present research represents only an initial foray into the potential organizational

impacts of MSMO, the results suggest that the implementation of an MSMO is an important component of destination marketing; and while there is still much to know concerning the merits of this approach, the preliminary evidence is encouraging.

## CONCLUSION

As discussed above, while the present research is meaningful from a wide variety of theoretical and methodological perspectives, it is but a small step in a continuing process of theory development. However, by addressing several important gaps in both the marketing and tourism domains, a number of new research questions can be addressed. In conclusion of this dissertation, potential areas of future research are proposed. Additionally, several important limitations of this research are acknowledged. Upon addressing both the future research directions and the limitations in full, the dissertation is concluded with a brief statement summarizing the main contributions identified in this chapter.

### ***Future Research: Marketing***

Returning to the theoretical implications put forth at the beginning of this chapter, this research provides a number of opportunities for interesting future research. As it relates to the field of general marketing, this research lends a new perspective to an old ideology, namely the MARKOR- and MKTOR-based conceptualizations of the marketing concept. The reconciliation of MO to the theoretical tenets of contemporary marketing thought can, in some ways, be seen as the beginning of a completely new stream of market orientation-based research. That is, although the previous conceptualization of MO and its organizational effects are relatively well-understood, the effects the expanded conceptualization are wholly unknown.

For example, while there is sufficient evidence that market orientation positively affects innovation (Grinstein, 2008), it cannot be assumed that MSMO shares this same causal connection. In fact, it is entirely possible that, while customer- and competitor-oriented activities explain a significant amount of the variation pertaining to organizational levels of innovation, the additional dimensionality associated with the inclusion of non-market stakeholders may provide an even clearer understanding of this relationship. Likewise, it is equally possible that it will not. Thus, because scholars cannot assume that the newly conceptualized MSMO construct will necessarily correspond to the nomological structure of the extant MO paradigm, future research should reconsider the extant MO frameworks within the context of the less exclusive (and more temporally relevant) MSMO framework.

Concerning the reexamination of existing frameworks within the context of MSMO, it is important to remember that innovation is but one of the numerous organizational variables previously established as part of the market orientation nomology. As discussed above, MO has been linked with a number of important organizational variables, each of which represents an opportunity for future research within the context of MSMO. In addition to considering the effects of MSMO on innovation, future research could consider MSMO as an antecedent to constructs such as creativity (Im, Hussain, and Sengupta, 2008); organizational learning (Keskin, 2006); channel dependence and satisfaction (Blesa and Bigne, 2005); and customer satisfaction (Kirca et al., 2005) to name only a few.

The critical component of any future investigations, however, is that MSMO must be operationalized with respect to the focal organization's key stakeholder constituencies. Because MSMO precludes the assumption of a heterogeneous set of inter-industry organizational stakeholders, industry-specific operationalizations of MSMO must be conducted. Thus, while the

methods used in this research to operationalize this construct with the destination marketing industry provide a useful example of this process, the DMO-specific operational specification of MSMO cannot simply be translated to other industries. An important part of the future of this construct will depend on the extent to which future research operationalizes MSMO to new industry contexts.

### ***Future Research: Tourism***

In addition to the marketing research trajectories identified above, the results of this study provide a number of opportunities for future tourism research. As discussed earlier in this chapter, an important contribution of the present endeavor is the extension of the widely recognized tenets of the marketing concept to the specific context of destination marketing. Thus, whereas the current research contributes to the domain of marketing thought by addressing the effects of resources and assets in the extant MO-performance relationship (albeit, in terms of a broader conceptualization of MO), its contribution to tourism research lies in the extension of the entire MO paradigm (along with its implications regarding organizational performance) to the specific context of destination marketing.

Accordingly, the future contribution of MSMO to tourism research depends on the extent to which this concept is further explored and its nomology expanded. Fortunately, unlike the general marketing research considered above, tourism scholars interested in expanding the MSMO framework will not have to engage in the process of identifying stakeholders or operationalizing a corresponding set of first-order orientation constructs. Because MSMO has already been operationalized within the context of the destination marketing industry, the task for tourism scholars is continue to expand the theoretical understanding of this construct by testing



its relationships with organizational constructs beyond those considered in the present research.

For example, exploring the effects of MSMO on phenomena such as creativity, innovation, organizational learning, and visitor satisfaction, represent promising areas for extending the MSMO framework. In order to investigate the effects of MSMO on these constructs, however, it may be necessary to adapt existing constructs to reflect the unique structural aspects of destination marketing. To these ends, Figure 6 can be seen as a potentially useful guide both for developing these constructs and for proposing hypotheses regarding their relationship to MSMO. To the extent that the interdisciplinary approach is utilized to develop the MSMO framework, future research in this stream will advance theory development in the domains of both marketing and tourism science alike.

In addition to exploring relationships outside of those addressed in the present research, future research should also continue to consider the theoretical value of the resource-based view of the firm to destination marketing. Outside of the present research, there have been very few applications of RBV theory in destination marketing research. However, because RBV theory is concerned with understanding the sources of sustainable competitive advantage and organizational performance, the potential importance of the RBV framework to destination marketing should not be ignored.

For example, this framework would be particularly useful in future considerations of market-based strategic assets as a source of sustainable competitive advantage. Although the present research identified MSMO as an important antecedent condition in the development of a DMO's market-based assets, it is unlikely that MSMO represents the sole source of their origination. Given the established link between assets and performance, research seeking to identify other sources of asset development represents an important next step in continuing to

develop the MSMO framework. In addition to its theoretical value, such research would also lend additional insight to the practitioner implications discussed above.

Likewise, while this research identified a positive relationship between assets and overall levels of performance, there are a number of different ways to measure DMO performance. As discussed in the following section, DMO performance can be considered from a wide variety of functionally specific perspectives. As such, there is still much to know about MBAs and their role in organizational performance. Given that resources, assets, and performance are among the fundamental phenomena that the resource-based view seeks to explain, any future investigation of their relevance to destination marketing should continue to consider the utility of the RBV framework.

### ***Limitations***

As is the case with all academic research, there are several limitations inherent to this project that must be addressed. In this section, these limitations are acknowledged and addressed in terms of their potential effects on the research findings. Additionally, the potential for these limitations to inform additional areas of future research is considered.

One of the most significant limitations of this research is attributable to the size of the sample. Recall from Chapter III that one of the most important parts of the construct development process was to ensure that the resultant measurement of MSMO would be applicable to all types and sizes of DMOs. With the *a priori* knowledge that the survey would be sent to organizations of varying size and structure, steps were taken to ensure that the final instrument would retain validity across the organizational spectrum. However, while the sample size was sufficient to achieve an appropriate level of statistical power to conduct the necessary

CFAs and to test the measurement and structural models, the sample was not large enough to check for moderation effects. Thus, although the questionnaire included a number of questions regarding the both the organization and the destination, sample size prevented further analysis into the potential mediating effects inherent to both the construct specifications and their structural relationships.

While the present research did not address moderation, it is possible that variables such as organization size, destination size, budget, ownership structure, etc. could moderate the positive relationships identified in Chapter IV. The potential existence of such effects represents another important area for future research. Research designed to test for moderation could, for example, collect measurement of MSMO from an equal number of large and small organizations and, by assessing the chi-square differences in the fit of the measurement models between the two groups, determine whether or not size-based differences exist in the structural relationships tested in this research. Given the potential importance of such findings, tests of potential moderators represent a particularly useful next phase of research.

Another limitation of this research is attributable to the sampling frame. Recall that the 600 DMOs solicited for participation in this research came from only 28 U.S. states. As such, there are 22 states that are not represented in the analysis. This presents a potential problem of the generalizability of the findings. Future research could lend additional insight into this issue by conducting state-specific examinations the research findings. For example, instead of focusing on DMO's in randomly selected states, future research could take a census of all DMOs in a particular state (or small subset of states) and attempt to replicate these findings over a smaller sampling area.

Another sampling-based limitation is attributable to the sample population. The sample

population for this research was city, county, and small-region DMOs. Thus, the framework developed in this research cannot be generalized to state and/or national destination marketing organizations. While the MSMO phenomenon is applicable to such organizations from a conceptual standpoint, state and national-level destination marketing organizations are subject to different industry parameters than their more localized counterparts. Accordingly, state- and nation-specific operationalizations of MSMO may need to be developed. Similarly, because the present research was only concerned with DMOs and destinations in the U.S., there is also the potential for future research to extend this research to other countries. Extensions of MSMO to other countries could also be used to assess cross-cultural measurement invariance.

A final limitation of this research lies in its treatment of DMO performance. Recall that, due to the nature of the analytical approach, methodological constraints precluded the specification of an objectively measured endogenous variable. In order to lend credibility to the external validity of the subjectively-based performance data used in the analysis, the subjective measures were correlated with objective performance data obtained from Smith Travel Research. As discussed above, the data acquired from STR were a reflection of the change in destination demand. Although there are several compelling reasons for using this particular metric, there are numerous different performance metrics associated with destination marketing. DMAI's handbook for standard DMO performance reporting (DMAI, 2011) lists a number of functionally specific performance areas including convention sales, travel trade sales, marketing and communications, membership, and ROI, each of which has their own set of activity, performance, and productivity metrics. Thus, while the present research identified a positive relationship between MSMO and what could be considered an overall performance score, there are a number of different metrics that could be considered in future research. Considering the

effects of MSMO on functionally specific measurements of performance would contribute to a more complete understanding of the assets such an orientation seeks to create.

### ***Concluding Remarks***

Throughout this closing chapter, the theoretical and methodological contributions associated with the conceptualization and subsequent operationalization of an expanded perspective of market orientation have been considered. While these discussions were often quite complex due the interdisciplinary and multi-theoretical nature of the research itself, the essential contribution of this dissertation as a whole lies not in the complexity of its theoretical implications but in the simplicity of its purpose.

Broadly speaking, the purpose of this research is to lend a new perspective to a venerated but temporally marginalized conceptual framework. Importantly, however, the expansion of the extant MO paradigm does not render the rich body of research conducted within the previous framework invalid. Indeed, without the contributions of prior research, the current research would not have been possible.

Because MO was merely expanded, and not completely reconceptualized, the theoretical value of this research lies in the expansion of boundary conditions. Conceptualized as the organizational culture and behaviors that facilitate an organization-wide commitment to understanding and reacting to the needs of salient stakeholder markets for the purpose of total value creation, MSMO largely retains the theoretical precepts of its forbear; but, with this relatively unobtrusive boundary shift, the theoretical domain of market orientation is now relevant to at least one field of research heretofore inaccessible under the old paradigm.

This contribution alone justifies the research. And, although the present endeavor represents only a small step toward a more complete theoretical understanding of destination marketing, it is the hope of this researcher that this contribution will, in fact, instigate a new tradition of destination marketing research and tourism-specific theory development. However, to the extent that the ideas presented in these pages influence future discourse and theory development in any field, this research will have been a success.

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## **APPENDICES**

## **APPENDIX A**

**Interview Guide:**  
Respondents: DMO managers/executives

**Opening**

1. Introduction of researcher
2. Thanks to the participant
3. Explanation of project: How does the participant do his/her job? Who are their most important stakeholders? How do they interact with them?
4. Explain that the respondent is the expert
5. Explanation of benefits
6. Explanation of confidentiality:
  - Names will not be reported
  - Recordings kept confidential by the researcher
  - Right to end interview
  - No Risk
  - Sign informed consent
7. Brief introduction to the discussion topics

**Discussion Topics**

1. Tell me about your organization:
  - Mission
  - Organization
  - Funding
  - Performance measures
2. Please explain past and present roles in destination marketing.
3. Why do DMOs exist? What is the role of DMOs in destination marketing?
  - Does this role change as a function of the size of the destination (structure of the market)?
4. How is the market for destinations similar/different than other markets/industries?
5. Who are your customers?
  - How do you (your organization) get information about your customers?
  - How is this information disseminated to you?
  - How do you pass this information to other members of your organization?
  - How do you (your organization) use the information you receive about your customers?
6. Who are your competitors?
  - How do you (your organization) get information about your competitors?
  - How is this information disseminated to you?
  - How do you pass this information to other members of your organization?
  - How do you (your organization) use the information you receive about your competitors?
7. Other than customers and competitors, what other important group(s) affect your marketing decisions?
8. Will you walk me through an experience you have had with **[stakeholder]**?
9. Based on response to #7:
  - How do you (your organization) interact with **[stakeholder]**?

- What other ways do you get information about **[stakeholder]**?
- How do you pass this information to other members of your organization?
- How do you (your organization) use the information you receive about **[stakeholder]**?
- Why is **[stakeholder]** important to your organization?
- What is the nature of your organization's relationship with **[stakeholder]**?
- What factors determine the nature of your relationship with **[stakeholder]**?
- What do you (your organization) do to manage your relationship with **[stakeholder]**?
- Does **[stakeholder]** help your organization achieve its mission?
  - In what ways are they helpful?
- Does **[stakeholder]** hinder your organization from achieving its mission?
  - In what ways are they an obstacle?
  - How do you overcome these difficulties in order to achieve your goals?
- In terms of dealing with this type of stakeholder, what do successful DMOs do that unsuccessful DMOs do not do?

10. *[Return to question 6 for any other groups mentioned]*

### **Conclusion**

1. Thank participant for their time.
2. Have I left anything out that you think is important?
3. Is there anything else you would like to talk about?

## **APPENDIX B**



## Item Generation

### Appendix Key:

Items marked with \* were removed after the pretest.

Items marked with \*\* were included in main data collection but dropped from analysis.

Items marked with \*\*\* were included in main data analysis.

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### MSMO

**Definition:** The organizational culture and behaviors that facilitate an organization-wide commitment to understanding and reacting to the needs of salient stakeholder markets for the purpose of total value creation.

### Dimension 1: Independent Customer Orientation (ICO)

**Definition:** The extent to which a DMO (1) generates information in order to better understand its individual travel market (2) reacts to this information and (3) communicates this information to its non-market stakeholders

### *Item Generation (7-point Likert Scale)*

1. Our organization conducts (or sponsors) research to identify the reasons that independent travelers visit our destination.\*\*
2. Understanding the needs of the independent travel market is an important part of our organization's strategic planning process.\*\*\*
3. Our marketing activities target specific segments of the independent travel market.\*
4. Our organization understands the tourism needs of the independent visitors that visit our destination.\*\*\*
5. Our strategic objectives are designed to ensure that our destination meets the tourism needs of the independent visitors that come here.\*\*\*
6. Our organization is slow to detect changes in the needs of the independent-travel market.\*\*
7. Our organization is slow to detect fundamental shifts in the market for independent travel.\*\*
8. Our organization regularly assesses the post-visit satisfaction of our destinations' independent visitors.\*
9. Our organization conducts (or sponsors) research designed to better understand our independent visitors' needs.\*\*
10. Our organization monitors the local tourism industry's commitment to serving the needs of our independent visitors.\*\*
11. Our organization works with the local tourism industry to understand our independent visitors' needs.\*\*\*
12. Our organization regularly circulates documents (e.g., reports, newsletters, etc.) that provide information to our employees about our independent visitors' experiences at our destination.\*
13. Our organization shares relevant information about the independent travel market with the local tourism industry.\*\*
14. Our organization shares relevant information about the independent travel market with the politicians responsible for funding our DMO.\*\*
15. If an independent visitor complains about a service they receive while visiting our destination, that information is shared with appropriate industry stakeholder(s).\*

## **Dimension 2: Group Travel Orientation (GTO)**

**Definition:** The extent to which a DMO (1) generates information in order to better understand its group travel market (2) reacts to this information and (3) communicates this information to its non-market stakeholders.

### ***Item Generation:(7-point Likert Scale)***

1. Our organization conducts (or sponsors) research to identify the reasons that organized groups visit our destination.\*\*\*
2. Understanding the needs of the group-travel market is an important part of our organization's strategic planning process.\*\*\*
3. Our marketing activities target specific segments of the group travel market.\*\*
4. Our organization understands the tourism needs of the organized groups that visit our destination.\*\*\*
5. Our strategic objectives are designed to ensure that our destination meets the needs of the organized groups that come here.\*
6. Our organization is slow to detect changes in the needs of the group travel market.\*
7. Our organization is slow to detect fundamental shifts in the market for group-level travel.\*
8. Our organization regularly assesses the post-visit satisfaction of organized groups that visit our destination.\*
9. Our organization conducts (or sponsors) research to identify new opportunities for attracting organized-groups to our destination.\*\*
10. Our organization monitors the local tourism industry's commitment to serving the needs of group travel visitors.\*
11. Our organization works with the local tourism industry to understand the needs of the group travel market.\*\*\*
12. Our organization regularly circulates documents (e.g., reports, newsletters, etc.) that provide information to our employees about our group-level visitors' experiences at our destination.\*
13. Our organization shares relevant information about the group travel market with the local tourism industry.\*\*
14. Our organization shares relevant information about the group travel market with the politicians responsible for funding our organization.\*\*
15. If a group complains about a service they receive while visiting our destination, that information is shared with appropriate industry stakeholder(s).\*

### **Dimension 3: Competitor Orientation (CMO)**

**Definition:** The extent to which a DMO (1) generates information in order to better understand its competitors (2) reacts to this information and (3) communicates this information to its non-market stakeholders

#### ***Item Generation (7-point Likert Scale)***

1. Our organization has a specifically defined set of destinations with which we compete.\*
2. Our organization understands the weaknesses of our competitors' destinations.\*
3. Our organization understands the strengths of our competitors' destinations.\*
4. Our marketing strategy is designed to leverage our destination's strengths relative to those of our competitors.\*
5. Our marketing strategy is designed to exploit our competitors' weaknesses.\*\*\*
6. Our organization closely monitors competing destinations' plans for enhancing their tourism infrastructure.\*
7. Our organization is slow in reacting to changes in our competitors' strategies.\*\*
8. Our managers meet to discuss competitors' strengths and weaknesses.\*\*
9. Employees with different responsibilities share information about our competitors with each other.\*\*\*
10. Our organization conducts (or sponsors) research to better understand our competitors' target markets.\*\*\*
11. Our organization regularly circulates documents (e.g., reports, newsletters) that provide information to our employees about competing destinations.\*
12. Our organization responds quickly when our destination's competitive advantage is threatened.\*
13. Our organization shares relevant information about our competitors with the local tourism industry.\*\*\*
14. Our organization shares relevant information about our competitors with the politicians responsible for funding our DMO.\*\*

#### **Dimension 4: Political Stakeholder Orientation (PSO)**

**Definition:** The extent to which a DMO (1) generates information in order to better understand the needs/expectations of its community's political leaders (2) reacts to this information and (3) communicates this information to its non-market stakeholders

##### ***Item Generation (7-point Likert Scale)***

1. Our managers understand local politicians' expectations of our organization.\*\*
2. Our non-management employees understand local politicians' expectations of our organization.\*\*
3. Our organization actively seeks feedback on our marketing activities from local politicians.\*\*
4. Meeting with local politicians to discuss our organization's role within the community is an effective use of our managers' time.\*
5. Our strategic objectives are designed to meet the expectations of our local government.\*
6. Our organization appreciates input from local politicians when setting strategic objectives.\*\*\*
7. Local politicians were involved in crafting our organization's current mission statement.\*
8. Our organization modifies ongoing projects based on feedback from local politicians.\*
9. Our organization regularly assesses local politicians' satisfaction with our services.\*
10. Our managers meet regularly with local politicians to discuss marketing strategy.\*
11. Our organization seeks input from local politicians when setting strategic objectives.\*
12. Our marketing strategies are based on recommendations from local politicians.\*
13. Our organization communicates the local political leadership's position regarding the role of tourism in our community to our industry stakeholders.\*\*\*
14. Our organization facilitates the flow of relevant information from our local government to the local tourism industry.\*\*\*
15. Our organization tries to ensure that our industry stakeholders understand our community's long-term economic goals.\*\*\*

### **Dimension 5: Industry Stakeholder Orientation (ISO)**

**Definition:** The extent to which a DMO (1) generates information in order to better understand the needs/expectations of its community's lodging industry (2) reacts to this information and (3) communicates this information to its non-market stakeholders

#### ***Item Generation (7-point Likert Scale)***

1. Our managers understand the local lodging industry's expectations of our organization.\*\*\*
2. Our non-management employees understand the local lodging industry's expectations of our organization.\*
3. Our organization actively seeks feedback about our marketing activities from the local lodging industry.\*\*\*
4. Meeting with representatives of the local lodging industry to discuss our organization's strategy is an effective use of our managers' time.\*\*\*
5. Our strategic objectives are designed to maximize the success of the local lodging industry.\*\*
6. Our organization appreciates input from the local lodging industry when setting strategic objectives.\*\*
7. Representatives from the local lodging industry were involved in crafting our organization's current mission statement.\*
8. Our organization modifies ongoing projects based on feedback from the local lodging industry.\*
9. Our organization formally assesses the local lodging industry's satisfaction with our services.\*
10. Our managers meet with representatives from the local lodging industry to discuss marketing strategy.\*\*
11. Our organization seeks input from the local lodging industry when setting strategic objectives.\*\*\*
12. Our marketing strategy is based on recommendations from the local lodging industry.\*
13. Our organization tries to ensure that our politicians understand the economic impact of tourism in our community.\*
14. Our organization regularly advocates on behalf of our destination's tourism industry stakeholders.\*
15. Our organization keeps up with the changing needs of our community's local lodging industry.\*
16. Our organization keeps up with changes in the marketing strategies of key industry stakeholders.\*

## **RELATIONAL MARKET-BASED ASSETS**

**Definition:** Assets that arise from the commingling of an organization with entities in its external environment (i.e., stakeholders). Categorized as a function of the market-based source of competitive advantage: Customer-based assets, industry-based assets, and politically-based assets

### **Customer-based Assets (CBA)**

#### ***Item Generation (7-point Likert Scale)***

1. Our destination has a distinct brand image.\*\*\*
2. Our destination's brand is an important part of the reason that organized groups come to our area.\*\*\*
3. Our destination's brand is an important part of the reason that independent travelers come to our area.\*\*\*
4. Our community is a well-established tourism destination.\*\*\*
5. Independent visitors are loyal to our destination.\*\*
6. Group travel organizers are loyal to our destination.\*
7. Visitors get what they expect when they come to our destination.\*
8. Upon visiting our destination for their group's event, group organizers are likely to choose our destination again for future events.\*
9. Upon visiting our destination, independent visitors are likely to revisit our destination in the future.\*\*\*

### **Politically-based Assets (PBA)**

#### ***Item Generation (7-point Likert Scale)***

1. Our organization receives the funding we need to carry out our stated mission.\*\*
2. Our organization is appropriately funded given the contribution we make to the local economy.\*\*
3. Our funders consistently make cuts to the amount of financial resources allocated to our organization.\*\*
4. Our funders consistently increase the amount of financial resources allocated to our organization.\*\*
5. The local government appreciates our organization's contribution to the local economy.\*\*\*
6. Funding our organization is a priority for our politicians.\*\*\*
7. The local government understands the importance of tourism to our local economy.\*\*\*
8. The relationships our organization has with our local policymakers are a valuable strategic asset.\*\*\*

### **Industry-based Assets (IBA) (7-point Likert Scale)**

1. The local tourism industry appreciates our organization's contribution to the local economy.\*\*
2. Local tourism businesses share their market research with each other.\*\*
3. Disagreements between businesses in our destination make achieving our mission difficult.\*
4. Businesses in our destination cooperate with each other to access new markets.\*\*\*
5. Businesses in our destination share a common vision for our destination.\*\*\*
6. The local tourism industry pressures the local government to financially support our organization.\*\*
7. Tourism businesses in our destination share a commitment to providing quality customer service.\*\*\*
8. It is difficult to get our local businesses to understand the value of cooperating with each other.\*\*
9. The local tourism industry is supportive of our organization.\*
10. The relationships our organization has with our local tourism industry stakeholders are a valuable strategic asset.\*

### **PERFORMANCE**

**Definition:** The degree to which a DMO has been successful relative to (1) the achievement of its goals and (2) meeting the expectations of its stakeholders over the previous three years

#### **Performance Relative to Strategic Plans (PERF1)**

**Item Generation (7-point summated rating scale: Very unsuccessful/Very successful)**

**Stem:** Relative to its plans over the last 3 years:

1. How successful has your organization been in achieving its short-term goals for your community?\*\*\*
2. How successful has your organization been in making progress toward the achievement of its long-term goals for your community?\*\*\*
3. How successful has your organization been in meeting the expectations of the local tourism industry?\*\*\*
4. How successful has your organization been in meeting the expectations of your community's leadership?\*\*\*
5. How successful has your marketing strategy been in achieving its intended impact?\*\*\*

#### **Performance Relative to Competitors (PERF2)**

**Item Generation (7-point summated rating scale: Very unsuccessful/Very successful)**

**Stem:** Compared to your competitors over the last 3 years:

6. How successful has your organization been in achieving its short-term goals for your community?\*\*\*
7. How successful has your organization been in making progress toward the achievement of its long-term goals for your community?\*\*\*
8. How successful has your organization been in meeting the expectations of the local tourism industry?\*\*\*
9. How successful has your organization been in meeting the expectations of your community's leadership?\*\*\*
10. How successful has your marketing strategy been in achieving its intended impact?\*\*\*

## **APPENDIX C**



**Instructions:**

This questionnaire is divided into sections. For each section, definitions of key terms are provided. Please use these definitions to select the most appropriate answer for each statement. For each statement, please make a mark (e.g.,  or ) in the box that you feel best describes your organization.

**SECTION 1: INDEPENDENT TRAVEL**

<p><b><u>Key Term:</u></b> Independent Travel/ Visitors</p>	<p><b><u>Definition:</u></b> Visits to your destination for business and/or leisure purposes that <b>DO NOT</b> take place as part of an organized group event (e.g., conference, convention, festival, competition, or other planned event).</p>
---	---

	Strongly Disagree						Strongly Agree
Our organization conducts (or sponsors) research to identify the reasons that independent travelers visit our destination.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Understanding the needs of the independent travel market is an important part of our organization’s strategic planning process.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization understands the tourism-related needs of the independent travelers that visit our destination.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our strategic objectives are designed to ensure that our destination meets the tourism-related needs of the independent travelers that come here.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization is slow to detect changes in the needs of the independent travel market.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization is slow to detect fundamental shifts in the market for independent travel.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization conducts (or sponsors) research designed to better understand our independent visitors’ needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization monitors the local tourism industry’s commitment to serving the needs of our independent visitors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization works with the local tourism industry to understand our independent visitors’ needs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization shares relevant information about the independent travel market with the local tourism industry.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization shares relevant information about the independent travel market with the politicians responsible for funding our DMO.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please continue on the back of this page.**

## SECTION 2: GROUP TRAVEL

<b><u>Key Term:</u></b> Organized Group Travel	<b><u>Definition:</u></b> Visits to your destination for business and/or leisure purposes that take place as part of an organized group event (e.g., conference, convention, festival, competition, or other planned event).
---	---

	Strongly Disagree				Strongly Agree			
Our organization conducts (or sponsors) research to identify the reasons that organized groups visit our destination.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Understanding the needs of the group travel market is an important part of our organization's strategic planning process.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our marketing activities target specific segments of the group travel market.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization understands the tourism needs of the organized groups that visit our destination.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization conducts (or sponsors) research to identify new opportunities for attracting organized groups to our destination.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization works with the local tourism industry to understand the needs of the group travel market.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization shares relevant information about the group travel market with the local tourism industry.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization shares relevant information about the group travel market with the politicians responsible for funding our organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## SECTION 3: COMPETITORS

<b><u>Key Term:</u></b> Competitors	<b><u>Definition:</u></b> The destinations and DMOs with which you compete for individual and/or group-level travel business.
--	--

	Strongly Disagree				Strongly Agree			
Our marketing strategy is designed to exploit our competitors' weaknesses.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization is slow in reacting to changes in our competitors' strategies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our managers regularly discuss our competitors' strengths and weaknesses.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employees with different responsibilities share information about our competitors with each other.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization conducts (or sponsors) research to better understand our competitors' target markets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization shares relevant information about our competitors with the local tourism industry.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization shares relevant information about our competitors with the politicians responsible for funding our DMO.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please continue on the following page.

## SECTION 4: LOCAL LODGING INDUSTRY

<b><u>Key Term:</u></b> Local Lodging Industry	<b><u>Definition:</u></b> The local hotel and lodging businesses that benefit from your organization's marketing efforts.
---	--

	<b>Strongly Disagree</b>							<b>Strongly Agree</b>						
Our managers understand the local lodging industry's expectations of our organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization actively seeks feedback about our marketing activities from the local lodging industry.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Meeting with representatives of the local lodging industry to discuss our organization's strategy is an effective use of our managers' time.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our strategic objectives are designed to maximize the success of the local lodging industry.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization appreciates input from the local lodging industry when setting strategic objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our managers meet with representatives from the local lodging industry to discuss marketing strategy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization seeks input from the local lodging industry when setting strategic objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## SECTION 5: INDUSTRY RELATIONSHIPS

<b><u>Key Term:</u></b> Local Tourism Industry/ Businesses	<b><u>Definition:</u></b> The owners and/or managers of tourism-dependent businesses in your destination (e.g., lodging, restaurants, attractions, etc.).
--	--

	<b>Strongly Disagree</b>							<b>Strongly Agree</b>						
The local tourism industry appreciates our organization's contribution to the local economy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local tourism businesses share their market research with each other.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tourism businesses in our destination cooperate with each other to access new markets.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tourism businesses in our destination share a common vision for our destination.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The local tourism industry pressures the local government to financially support our organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tourism businesses in our destination share a commitment to providing quality customer service.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
It is difficult to get local tourism businesses to understand the value of cooperating with each other.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**The survey is already halfway complete.  
Please continue on the back of this page.**

## SECTION 6: LOCAL GOVERNMENT/POLITICIANS

<b>Key Term:</b> Local Government/ Politicians	<b>Definition:</b> City- and/or county-level government officials responsible for allocating public funds to your organization.
--	--

	Strongly Disagree						Strongly Agree
Our managers understand local politicians' expectations of our organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our non-management employees understand local politicians' expectations of our organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization actively seeks feedback on our marketing activities from local politicians.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization appreciates input from local politicians when setting strategic objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization communicates the local political leadership's position regarding the role of tourism in our community to our industry stakeholders.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization facilitates the flow of relevant information from our local government to the local tourism industry.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The local government appreciates our organization's contribution to the local economy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The local government understands the importance of tourism to our local economy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The relationships our organization has with our local policymakers are a valuable strategic asset.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our local government considers the impact that new legislation may have on our organization's ability to achieve its mission.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization tries to ensure that our tourism industry stakeholders understand our community's long-term economic goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## SECTION 7: FUNDING

<b>Key Term:</b> Funding/ Financial Resources	<b>Definition:</b> Locally collected (i.e., city and/or county) tax revenue that is allocated to your organization.
---	--

	Strongly Disagree						Strongly Agree
Our organization receives the funding we need to carry out our stated mission.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our organization is appropriately funded given the contribution we make to the local economy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The local government consistently makes cuts to the amount of financial resources allocated to our organization.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Funding our organization is a priority for our politicians.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please continue on the following page.

## SECTION 8: PERFORMANCE

### PART 1: Destination Image

- **Key Terms:** Use definitions for **independent and organized group travel** provided on pages 1-2.

	Strongly Disagree							Strongly Agree						
Our destination has a distinct brand image.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our destination's brand is an important part of the reason that <b>organized groups</b> come to our area.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our destination's brand is an important part of the reason that <b>independent travelers</b> come to our area.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Our community is a well-established tourism destination.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Independent visitors</b> are loyal to our destination.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Upon visiting our destination, <b>independent visitors</b> are likely to revisit our destination in the future.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### PART 2: Success relative to STRATEGIC PLANS

- **Key Terms:** For the following questions, please indicate your organization's success relative to its **strategic plans** over the **past three years**.

<b>STEM: Over the <u>past three years</u>, how successful has your organization been:</b>	Less successful than planned							More successful than planned						
In achieving its short-term goals for your community?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In making progress toward the achievement of its long-term goals for your community?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In meeting the expectations of the local tourism industry?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In meeting the expectations of your community's leadership?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In achieving its intended economic impact?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### PART 3: Success relative to COMPETITORS

- **Key Terms:** For the following questions, please indicate your organization's success relative to **your competitors** over the **past three years**.

<b>STEM: Over the <u>past three years</u>, how successful has your organization been:</b>	Less successful than competitors							More successful than competitors						
In achieving its short-term goals for your community?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In making progress toward the achievement of its long-term goals for your community?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In meeting the expectations of the local tourism industry?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In meeting the expectations of your community's leadership?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
In achieving its intended economic impact?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## SECTION 9: GENERAL ORGANIZATIONAL INFORMATION

**Instructions:** For each of the following questions, please respond either by marking the appropriate box (e.g.,  or ) and/or writing the correct answer in the space provided.

**1. How has the size of your budget changed over the last three years?**

- Significant decline
- Slight decline
- Stayed about the same
- Slight increase
- Significant increase

**2. Which statement most nearly describes the destination you serve?**

- We serve a single city.
- We serve all cities in a single county (or parish).
- We serve selected cities in a single county (or parish).
- We serve a multiple county (or parish) region.

**3. How many other non-regional DMOs operate within your county (or parish)? \_\_\_\_\_**

**4. Which of the following business models/governance structures most nearly describes your DMO?**

- Government body
- Government/private co-venture
- Government funding plus paying members
- Member-supported with no government funds
- Other (please specify) \_\_\_\_\_

**5. Does your destination have a free-standing conference or convention center?**

- No
- Currently planning/building one
- Yes, but not managed by our DMO
- Yes, managed by our DMO

**6. How many full-time employees does your organization employ? \_\_\_\_\_**

**7. What is your role in your organization?**

- CEO/ President/ Executive Director
- Other (please specify) \_\_\_\_\_

**8. What is your organization's zip code? \_\_\_\_\_**

**The survey is complete.**

**Please return completed surveys in the enclosed  
postage-paid return envelope.**

**Thank You!!**

## **APPENDIX D**

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## A Collaborative Study of Destination Marketing

Greetings! My name is Nathan Line, and I am a Ph.D. candidate in the Department of Hospitality and Tourism Management at the University of Tennessee. I would like to invite you to participate in a collaborative research endeavor between the University of Tennessee and the University of Central Florida. This research project is designed to identify the effects of DMO strategy on stakeholder relationships (e.g., customers, industry, political, etc.) and DMO performance. Your participation will involve responding to a series of questions about your DMO. The survey should take less than 12 minutes to complete.

### **BENEFITS**

Although the survey is brief, I fully acknowledge the value of your time. As such, please accept the enclosed newly minted gold coin as a token of my appreciation for your consideration in being a part of this research. Additionally, should you choose to participate, a copy of the final report will be made available at your request. If you would like a copy of the final report, please send a request to [nline@utk.edu](mailto:nline@utk.edu).

### **RISKS**

There are no anticipated risks to you for participating in this study. **No reference to you or your organization will be made in reports of this data, written or otherwise.**

### **PARTICIPATION**

Your participation in this study is voluntary, and you may decline to participate without penalty. Although all responses will remain anonymous, you are not required to answer any questions in the following survey. Should you elect to participate, please complete the enclosed questionnaire and return it to the primary investigator in the accompanying self-addressed, postage-paid envelope. Return of the completed questionnaire constitutes your consent to participate. However, after returning the questionnaire, you may still withdraw from the study by e-mailing Nathan Line ([nline@utk.edu](mailto:nline@utk.edu)). **Please sign below and keep this page as your record of informed consent.**

### **CONFIDENTIALITY**

Your responses will be kept confidential. Data will be stored securely and will be made available only to persons conducting the study unless you specifically give permission in writing to do otherwise. **No reference will be made in oral or written reports that could link you or your organization to the study.**

### **CONTACT INFORMATION**

If you have questions at any time about the study or the procedures, you may contact Nathan Line ([nline@utk.edu](mailto:nline@utk.edu)). If you have any questions about your rights as a participant, please contact the University of TN Office of Research Compliance Officer, Brenda Lawson, at (865) 974-3466.



**CONSENT**

I have read the above information, and I agree to participate in this study.

Participant's signature \_\_\_\_\_ Date \_\_\_\_\_

Investigator's signature \_\_\_\_\_ Date \_\_\_\_\_

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## **APPENDIX E**

Data Collection: Round Two Postcard

FRONT

THE UNIVERSITY of  
TENNESSEE 




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A Collaborative Study of Destination Marketing:  
Invitation to Participate

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 University of  
Central  
Florida

BACK

<p>Retail, Hospitality and Tourism Mgt. 110 Jessie Harris Bldg. 1215 W. Cumberland Ave. Knoxville, TN 37996</p>	<p>THE UNIVERSITY of TENNESSEE </p>	<p> University of Central Florida</p>	<p>Non-Profit Org. U.S. Postage PAID Permit No 481 Knoxville, TN</p>
<p><b>Reminder: Invitation to Participate</b></p> <p>Greetings from the University of Tennessee and the University of Central Florida! Several weeks ago, our research team humbly asked for your participation in a project designed to better understand stakeholder relationships and advocacy in the destination marketing industry. Thus far, we have not received a response from your organization.</p> <p>Because your input is important to our research, we would like to let you know that <u>there is still time to participate</u> in this multi-university initiative. If you have not already completed our survey, but would still like to participate, you may simply complete and return the initially mailed survey.</p> <p>For your convenience, if you do not still have the original survey, we will be mailing another copy to you next week. Or, if you prefer, you may request the online survey by e-mailing the primary researcher (<a href="mailto:nline@utk.edu">nline@utk.edu</a>).</p> <p>Whatever your decision, we appreciate your willingness to consider being a part of this important research!</p> <p> Nathan Line</p>			

## VITA

Nathan Line received his Bachelor's degree from the University of Tennessee at Chattanooga in 2006. As a member of the University Honors program, he graduated with highest departmental honors in Economics. After working for three years in mortgage management, Nathan accepted a graduate assistantship to pursue his Ph.D. at the University of Tennessee. In 2013, he graduated with a Ph.D. in Retail, Hospitality and Tourism Management with a minor in Marketing.

In addition to destination marketing, Nathan's areas of interest include hospitality marketing, restaurant consumer behavior, nature-based tourism, and small business marketing/management. His research has been published in a variety of scholarly outlets including *International Journal of Hospitality Management*, *Journal of Hospitality Marketing and Management*, *Journal of Small Business Strategy*, and *Marketing Education Review*. Nathan continues to pursue these interests as an assistant professor in the Dedman School of Hospitality at The Florida State University.